UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/49/308
12 August 1994

ORIGINAL: ENGLISH

Forty-ninth session
Item 100 of the provisional agenda*

ADVANCEMENT OF WOMEN

Convention on the Elimination of All Forms of Discrimination against Women

Report of the Secretary-General

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I. INTRODUCTION

1. By its resolution 34/180 of 18 December 1979, the General Assembly adopted the Convention on the Elimination of All Forms of Discrimination against Women. In its subsequent resolutions 35/140, 36/131, 37/64, 38/109, 39/130, 40/39, 41/108, 42/60, 42/62, 43/100, 44/73, 45/124 and 47/94, the Assembly urged States that had not yet ratified or acceded to the Convention to do so as soon as possible and requested the Secretary-General to report on the status of the Convention. In its resolution 45/124 of 14 December 1990, the Assembly requested the Secretary-General to submit this report annually. In accordance with those resolutions, the Secretary-General has submitted at each session of the Assembly a report on the status of the Convention (A/35/428, A/36/295 and Add.1, A/37/349 and Add.1, A/38/378, A/39/486, A/40/623, A/41/608 and Add.1, A/42/627, A/43/605, A/44/457, A/45/426, A/46/462, A/47/368 and A/48/354).

2. In its resolution 47/94 of 16 December 1992, the General Assembly repeated its request for the annual submission of the report on the status of the Convention. The Assembly further requested the Secretary-General to submit to the Assembly at its forty-ninth session a report on the implementation of that resolution and to make the report available to the Commission on the Status of Women at its thirty-ninth session.

3. By its resolution 1994/7 of 21 July 1994, the Economic and Social Council requested the Secretary-General to submit to the General Assembly at its forty-ninth session a report on the working methods of the Committee on the Elimination of Discrimination against Women and its capacity to fulfil its mandate effectively, including a comparison with the working situation of other treaty bodies. It also requested the General Assembly, in the light of the present report, to review the Committee's working situation and, in this context, also to consider the possibility of amending article 20 of the Convention to allow for sufficient meeting time for the Committee.

II. STATUS OF THE CONVENTION ON THE ELIMINATION OF ALL FORMS OF DISCRIMINATION AGAINST WOMEN

4. The Convention was opened for signature in New York on 1 March 1980 and, in accordance with its article 27, entered into force on 3 September 1981.

5. As at 1 August 1994, 134 States had become parties to the Convention, 88 States had ratified it, 40 States had acceded and 6 States had succeeded to it. In addition, seven States had signed it without yet ratifying it. Since the last progress report, Albania, Armenia, the Bahamas, Bosnia and Herzegovina, Lithuania, the Republic of Moldova, Tajikistan and the former Yugoslav Republic of Macedonia have become parties to the Convention. The Bahamas acceded with reservations. No reservations to the Convention were withdrawn during the reporting period. The Government of Finland objected to the reservations made by the Government of Maldives upon accession. The Government of the Netherlands objected to the reservations and declarations made by the Governments of India, Morocco and Maldives upon ratification or accession. The complete list of States that have signed and ratified, acceded or succeeded to the Convention, as

well as the dates of their signatures and the dates of receipt of the instruments of ratification, accession or succession, is contained in annex I to the present report. Reservations made upon ratification or accession are contained in annex II, and objections to the application of the Convention are contained in annex III to the present report.

III. THE COMMITTEE ON THE ELIMINATION OF DISCRIMINATION AGAINST WOMEN: WORKING METHODS AND CAPACITY TO FULFIL ITS MANDATE

6. The Committee on the Elimination of Discrimination against Women shares many similarities in its working methods with other human rights treaty monitoring bodies. There are, however, a number of key differences. Table 1 summarizes the similarities and differences between the Committee and the other five human rights treaty bodies.

7. It should be noted that many of the provisions in the Convention, which cover the full range of issues relating to discrimination against women and the impairment of women's civil, political, economic, social and cultural rights, also fall within the mandates of the Human Rights Committee and the Committee on Economic, Social and Cultural Rights.

8. The monitoring of compliance with the Convention through the consideration of reports submitted by States parties remains the central activity and object of concern of the Committee. In that sense the mandate of the Committee is the same as that of other human rights treaty bodies.

9. The mandate of the Committee on the Elimination of Discrimination against Women under article 21 of the Convention includes the drafting of suggestions and general recommendations based on the examination of reports and information received from States parties. These have assumed increasing importance in its work.

10. In addition, the Committee now contributes to international conferences that bear on the status and advancement of women. On request it has forwarded its views on specific issues to other human rights bodies such as the Commission on Human Rights. In the light of the objectives expressed in the Vienna Declaration and Programme of Action, adopted by the World Conference on Human Rights on 25 June 1993, 1/ such contributions and involvement can be expected to increase in the future.

11. One of the other human rights treaty bodies meets alternately at Geneva and in New York. Under the provisions of article 20, the Committee normally meets at United Nations Headquarters or at any other convenient place as determined by the Committee. Historically, the meetings alternated between New York and Vienna, where the secretariat of the Committee was located. However, since the Committee's secretariat has been transferred to New York, all meetings are expected normally to be held there.

12. As of 1 August 1994, there were 134 States parties to the Convention. The number of ratifications to the other human rights treaties as of 30 June 1994

stood as follows: the Convention on the Elimination of Racial Discrimination, 139; the Covenant on Civil and Political Rights, 127; the Covenant on Economic, Social and Cultural Rights, 129; the Convention against Torture, 82; and the Convention on the Rights of the Child, 161.

A. Consideration of reports of States parties

Meeting time

13. Unlike other human rights instruments, article 20 of the Convention on the Elimination of All Forms of Discrimination against Women contains a limitation on the allowed meeting time. It states that the Committee "shall normally meet for a period of not more than two weeks annually in order to consider the reports submitted" by States parties. This time-limit has proved to be increasingly inadequate, as evidenced by the backlog of reports, to be detailed below, which have been submitted as required under article 18 and which await consideration. As a result, the Economic and Social Council in resolution 1992/17 recommended that three weeks be allocated until the backlog in reports had been eliminated. The General Assembly in its resolution 47/94 supported the Committee's request for additional meeting time and requested an extension of the sessions in 1993 and 1994. In spite of this, a considerable backlog remains.

14. Although the Committee has increased the scope of its activities, the Convention foresees no assignments beyond the consideration of reports of States parties and the drafting of suggestions and general recommendations based on this review. The Committee normally allocates some meeting time during the sessions for the drafting and consideration of suggestions and general recommendations, discussion of procedural matters and working methods, and contributions to international conferences and events relevant to its work. These discussions take place in two standing working groups whose findings are in the end presented to the plenary meetings.

15. The other human rights treaty bodies have longer and more flexible meeting schedules:

(a) The Committee on the Elimination of Racial Discrimination meets twice a year for sessions of two weeks in duration;

(b) The Human Rights Committee is authorized to meet for three sessions of three weeks duration each year. An additional three weeks is allotted for working groups;

(c) The Committee on Economic, Social and Cultural Rights ordinarily should meet once each year for three weeks, in addition to a pre-sessional working group of one week's duration. However, it currently meets for 2 three-week sessions per year, as a result of the decisions by the Economic and Social Council to authorize extraordinary sessions for 1993 2/ and 1994. 3/ This increase was authorized to permit the Committee to deal with the backlog of reports. In its decision regarding the 1994 session, the Council also

authorized a special three-day meeting of the Committee's pre-sessional working group in order to prepare for the consideration of States parties reports;

(d) The Committee against Torture meets twice a year for two week sessions;

(e) The Committee on the Rights of the Child currently meets for two regular sessions of three-weeks' duration per year, with each session being preceded by a one-week working group. A special three-week session plus an additional week-long pre-session working group were authorized for 1994 by the General Assembly following a request by the Committee in its fourth session for additional meeting time to deal with the anticipated avalanche of reports. 4/ The Committee has requested the authorization of the General Assembly to hold three regular sessions from 1995 onwards. 5/ Prior to considering any reports of States parties, the Committee spent 2 three-week sessions discussing general matters such as working methods. It also devotes considerable time each session to thematic reports, matters of technical assistance and the methods of work of the Committee.

Number of reports of States parties received and considered

16. Following the initial report which is due one year after ratification, States parties are required under the Convention to submit periodic reports every four years. Following their initial reports, the reporting periodicity under the other treaties is as follows: every two years under the Convention on the Elimination of Racial Discrimination; every four years under the Convention against Torture; and every five years under the Covenant on Civil and Political Rights, the Covenant on Economic, Social and Cultural Rights and the Convention on the Rights of the Child.

17. From 1982 up to 30 June 1994, 145 reports were received by the Committee on the Elimination of Discrimination against Women since 1982. Table 2 shows the number of reports received, considered and pending consideration. The number submitted to the other treaty bodies is as follows: the Committee on Economic, Social and Cultural Rights, 241 since 1977; the Human Rights Committee, 316 since 1977; the Committee on the Elimination of Racial Discrimination, 739 since 1969; the Committee against Torture, 67 since 1988; and the Committee on the Rights of the Child, 41 since 1992.

18. Since its establishment in 1981, the Committee on the Elimination of Discrimination against Women has held 13 sessions in which it reviewed 69 initial reports of States parties, 35 second periodic reports, 9 third periodic reports, 4 combined first and second periodic reports and 3 combined second and third periodic reports for a total of 120 reports. In addition, it considered two reports on an exceptional basis. At its thirteenth session, in 1994, the Committee on the Elimination of Discrimination against Women considered 16 reports in three weeks; 12 reports are presently scheduled for the upcoming fourteenth session. In 1993, the Committee considered 15 reports in three weeks. In 1992, 11 reports were reviewed in two weeks, compared with 11 in 1991 and 12 in 1990.

(a) The Committee on the Rights of the Child by comparison has dealt with an average of six country reports at each three-week session since it began considering reports in 1993;

(b) The Human Rights Committee typically considers 4 to 5 reports per session or between 13 and 14 reports over a period of nine weeks each year;

(c) The Committee on Economic, Social and Cultural Rights hears five to six global reports in a three-week session;

(d) The Committee against Torture has considered an average of 12 reports in 4 weeks, or 6 per two-week session, each year since it began hearing reports;

(e) Over the past 10 years, the Committee on the Elimination of Racial Discrimination has heard an average of 29 reports per year in the space of six weeks.

19. The relatively high number of ratifications leads inevitably to an increase in the number of reports to be considered. However, the total number of reports received has remained relatively constant, indicating that the degree of compliance with reporting obligations is declining. It was suggested by the Secretariat to the Committee that the delay in considering reports, once submitted, was a factor in non-compliance. 6/ In 1987, 19 reports of States parties were submitted to the Committee on the Elimination of Discrimination against Women under article 18; in 1993, the number was 12 and as of 30 June 1994 6 reports had been received.

20. In addition, like other treaty bodies, the Committee has begun to ask for reports on an exceptional basis. For example, like the Committee on the Elimination of Racial Discrimination and the Human Rights Committee, the Committee, being concerned about the alleged violations of human rights inflicted upon women in the territory of the former Yugoslavia, requested during its twelfth session that the States of the territory of the former Yugoslavia submit a report on an exceptional basis. 7/ Those reports were presented and considered during the Committee's thirteenth session. It may be expected, in the light of the Committee's commitment to look into similar grave violations of rights being experienced by women in any part of the world, that it will request special reports in the future whenever events in States parties to the Convention give rise to concern regarding the well-being, status or advancement of women and the Committee wishes to act on an ad hoc basis.

Time allocated per report

21. One of the most striking disparities in the working conditions of the treaty bodies lies in the amount of time available for the consideration of reports of States parties. The Committee on the Elimination of Discrimination against Women allots one and a half three-hour meetings for the initial report of a State party and only 1 three-hour meeting for subsequent periodic reports. The time allocation does not increase even when the Committee is considering combined reports, which has become an increasingly frequent practice; initial and second periodic reports are considered in one and a half meetings and second and subsequent periodic reports are considered in one meeting. During the

thirteenth session, the Committee observed that the number of reports considered at each session was much too high for the allotted time and was much greater than that considered by other treaty bodies.

(a) By comparison, the Committee on the Elimination of Racial Discrimination devotes two three-hour meetings to each report;

(b) The Human Rights Committee allots at least three full meetings per country report and two meetings for initial reports;

(c) This time-frame is in line with the practice of the Committee on Economic, Social and Cultural Rights, which devotes 1 three-hour meeting to reports dealing with specified articles of the Covenant, and 3 three-hour meetings when considering "global" or comprehensive reports from State parties;

(d) The Committee against Torture normally spends 2 three-hour meetings on each report;

(e) The Committee on the Rights of the Child allots 3 three-hour meetings for each report.

22. It should be noted that both the Committee against Torture and the Committee on the Elimination of Racial Discrimination are limited in their mandates relative to the other treaty bodies, as the Conventions which they monitor focus on one particular human rights issue rather than an entire range of concerns. This lessens the time required for each inquiry they conduct. Therefore, when considering the amount of time each treaty body has at its disposal to spend per report, the more appropriate comparisons are between the Committee on the Elimination of Discrimination against Women and the bodies monitoring treaties that are global in scope, that is, the Human Rights Committee, the Committee on Economic, Social and Cultural Rights and the Committee on the Rights of the Child. Notwithstanding, even for initial reports the Committee on the Elimination of Discrimination against Women spends less time per report than the Committee against Torture or the Committee on the Elimination of Racial Discrimination.

23. The Convention includes a large number of issues that also fall within the mandates of the Covenant on Civil and Political Rights and the Covenant on Economic, Social and Cultural Rights. In addition, the Committee's reporting guidelines have become more detailed and precise in recent years in an effort to improve the quality of reports and facilitate the effective enjoyment of the rights under the Convention among States parties. The allotted time in many cases borders on being simply inadequate to permit the Committee to probe policies, issues and areas that would permit it to gain access to the real advancement of women in many of these countries.

24. The consequence of this report presentation schedule is that the Committee on the Elimination of Discrimination against Women is seriously constrained in its ability to inquire into the situation of women. In its report on the thirteenth session, the Committee observed that its work programme had already reached the level at which the expected quality of results could no longer be ensured. 8/ At the second meeting of the chairpersons of treaty bodies, held in

1988, it was noted that a thorough examination of a report and a genuinely constructive dialogue with a State party required at least two meetings (A/44/98, para. 40). With less time, the principle of constructive dialogue threatens to become dangerously superficial. Under these circumstances, reporting risks becoming a strictly pro forma exercise in which States parties escape both the searching scrutiny of the Committee and the opportunity to benefit from more extensive dialogue. The result can only be the ultimate weakening of the Convention as an instrument and catalyst for the protection of women's human rights and a potential undermining or discrediting of the existing treaty regime.

Backlog of reports

25. As of 30 June 1994, the Committee had received but not yet considered 33 reports, one third of which were combined reports, comprising either initial and second, second and third or initial, second and third reports. While the actual number of outstanding reports has been even higher at certain points in the past, the backlog total actually comprises 46 distinct reporting obligations. The current number results from the practice of allowing combined reports, the first of which were considered at the eleventh session.

26. As at 1 June 1994, reports had been awaiting consideration by the Committee from between 1 and 52 months, or on average more than 20 months. By the time the fourteenth session is convened in January 1995, the earliest point at which any report can now be considered, the upper limit will be 59 months, or nearly five years. Eight reports date from 1991 or earlier, 7 reports from 1992, 12 from 1993 and 6 from 1994. In contrast, the Committee on the Elimination of Racial Discrimination expects to have only three reports awaiting consideration at the end of its next session, in August 1994.

27. In 1985, at the fourth session of the Committee on the Elimination of Discrimination against Women, the time lapse between receipt and consideration of reports averaged 18 months. In 1990, at the ninth session, the time lapse was 27 months. At the twelfth session, the time lapse 34 months, or nearly three years. At the thirteenth session, with the exception of special reports from the States of the territory of the former Yugoslavia, States parties waited on average 29 months to have their reports heard. 9/ By the fourteenth session, the average delay will be 38 months.

28. As is evident from these figures, the general trend is towards longer and longer delays. Were there to be substantially greater compliance by States parties with the actual reporting obligations under the Convention, the burden on the Committee would be greater and, under the present time constraints, the delay would be dramatically worse.

29. A lengthy time lapse between submission and consideration obviously jeopardizes the entire reporting procedure, as it lessens the validity of the information received and at times renders both empirical and policy information completely outdated and inapplicable. It increases the possibility that those compiling the report will neither be available to respond to or benefit from the observations of the Committee nor remain responsible for implementing the Convention. Supplementary reports have frequently been required to reflect

changes in the situation since the original report. This both increases the burden of reporting on States parties and places an increased strain on secretariat resources, as additional time is required to process and analyse the reports and additional translation services are needed.

30. A central purpose of periodic reports is to assess any progress or deterioration in the status of women and the effect of the Convention in furthering the advancement of women. Where periodic or initial and periodic reports are combined, or where additional reports become needed because the original reports have become obsolete in important respects, such an assessment becomes impossible and an important goal of the reporting process is frustrated.

31. Finally, as noted earlier, the long delay constitutes a disincentive to reporting to the very States parties that are complying with their obligations under the Convention, as well as to States that are overdue.

Overdue reports

32. As at 1 June 1994 there were 38 initial reports, 39 second periodic reports and 40 third periodic reports due but not yet received from States parties for a total of 117 reports overdue. The delay in reporting in other treaty bodies stands as follows.

(a) For the Committee on the Elimination of Racial Discrimination, 392 reports 10/ formally outstanding. However, combined reports are accepted by the Committee and it is now actually waiting for reports from about 80 States parties;

(b) For the Human Rights Committee, 20 initial, 23 second periodic, 37 third periodic and 13 fourth periodic reports for a total of 93 reports are overdue;

(c) The Committee on Economic, Social and Cultural Rights currently has 105 reports outstanding;

(d) For the Committee against Torture, 23 initial and 23 periodic reports are overdue;

(e) For the Committee on the Rignts of the Child, 80 initial reports are outstanding.

33. Because of the problem of seriously overdue reports, the Committee on Economic, Social and Cultural Rights has begun to schedule for consideration the situation in States parties that have consistently failed to report or whose reports are long overdue. The chairpersons of the treaty bodies recommended at the last session that, as a last resort and to the extent appropriate, each treaty body follow this practice (A/47/628, para. 71).

34. The Committee on the Elimination of Discrimination against Women faces a similar problem, as there are States parties who have long ratified the Convention, yet whose initial reports have not been submitted. Annex IV shows the situation of overdue reports for the Committee. As at 30 June 1994, there

were 16 States parties whose reports were 5 years or more overdue; 12 of these were more than 8 years overdue and 8 of these were more than 10 years overdue. However, should the Committee in the future take measures such as those of the Committee on Economic, Social and Cultural Rights to assess the progress in the advancement of women in all States parties to the Convention, whether or not they have complied with their reporting obligations, the constraints of the existing limitation in article 20 would become even more burdensome.

Preparation of concluding comments

35. Since its eleventh session, the Committee on the Elimination of Discrimination against Women has presented concluding comments at the end of the consideration of States parties' reports. Originally they were delivered by the Chair and included in the session report of the Committee to the General Assembly. However, during the thirteenth session, the Committee decided to adopt the practice now becoming common to all human rights treaty bodies and prepare a more detailed concluding comment to be included in the final report of the Committee. The comment is designed to highlight the most important points raised during the constructive dialogue, identify particular areas of progress as well as issues and areas of concern that the Committee wishes the State party to report on in its next periodic report. Meeting time is required in order for the Committee to finalize its comments. At its thirteenth session, the time was not sufficient and concluding comments on the reports of three States were deferred to the next session of the Committee.

Role of non-governmental organizations

36. Non-governmental organizations have taken on increasing importance in recent years in the promotion of human rights, particularly as providers of alternative sources of information. In recognition of their evolving significance, their role at the national, regional and international levels was formally recognized in the Vienna Declaration and Programme of Action. 11/ Their participation in the reporting process under international instruments is particularly valuable, as it allows treaty bodies to obtain a balanced and comprehensive view of the human rights situation on the ground that might otherwise remain undisclosed or unavailable to the experts. Furthermore, the regional or international focus of many such groups often places them in a unique position to impart information about supranational and regional trends.

37. Both the Committee on the Rights of the Child and the Committee on Economic, Social and Cultural Rights have taken steps to increase the participation of non-governmental organizations in the reporting process and other work of their respective committees. To this end, they have set aside time for the organizations to make oral statements to their committees during the regular sessions. The pre-session working groups of the two committees also receive oral and written submissions from non-governmental organizations.

38. National and international non-governmental organizations have observer status at Committee sessions. The Committee on the Elimination of Discrimination against Women receives reports from non-governmental organizations on an ad hoc and informal basis and has often commented on the value of the additional information received and had occasion to question the

representatives of States parties about matters relevant to the Convention which were disclosed in their reports. The Committee also encourages States parties to consult with national non-governmental organizations in the preparation of their reports wherever possible and commends their presence during the consideration of reports. In addition, the Committee invited non-governmental organizations to contribute information 12/ which was used in preparing the background report for the discussion on violence against women which gave rise to general recommendation No. 19.

39. At present, however, non-governmental organizations do not make formal representations to the Committee, nor do they participate in the dialogue between States parties and the Committee during the presentation of the reports. While the Secretariat provides the addresses of the Committee members to interested non-governmental organizations, no substantial servicing, such as translation and dissemination of reports, is currently available.

B. Preparation of suggestions and general recommendations

40. Under article 21, the Committee may make suggestions and general recommendations based on the examination of reports and information received from States parties. Since its inception, the Committee has formulated 21 general recommendations. As of this time, the Committee on the Elimination of Racial Discrimination has adopted 17 general recommendations and a number of additional decisions; the Human Rights Committee has adopted 23 general comments; 13/ the Committee on Economic, Social and Cultural Rights has adopted 4 general comments, some of which are quite lengthy and detailed; the Committee against Torture, while empowered to do so, has not yet adopted any general comments; and the Committee on the Rights of the Child has adopted 18 conclusions and recommendations. 14/

41. In the early years, the recommendations of the Committee on the Elimination of Discrimination against Women were relatively brief and were either directed at either technical and reporting procedures or designed to merely highlight particular issues and areas of concern. However, recent recommendations have become more lengthy and detailed as the Committee endeavours to make the experience it has gained through the consideration of a large number of country reports available for the benefit of all States parties. As a consequence, the recommendations have become an increasingly important source of jurisprudence on the Convention and information to all States parties. In this sense, the Committee's general recommendations are now similar to those adopted by the Human Rights Committee and the Committee on Economic, Social and Cultural Rights.

42. The Committee on the Elimination of Discrimination against Women is now directing its attention to an elaboration of the specific provisions of the Convention. Recommendations now generally concern substantive issues. For example, general recommendation No. 19 contains a detailed analysis of the phenomenon and persistence of violence against women and suggestions for States parties as to methods of its eradication and remedies which should be available to women who are victims of violence. The most recent general recommendation, No. 21, concerning the equality of women in marriage and family relations,

contains an elaboration of articles 9, 15 and 16. Future recommendations are planned which will deal with the nature of the guarantees and the obligations of States parties under articles 2, 7 and 8.

43. In addition, the Committee has forwarded six suggestions to other bodies within the United Nations system on matters relating to the Convention.

44. Detailed recommendations are important to the dissemination of the Committee's work, the development of the Convention jurisprudence and the integration of gender issues into the work of the United Nations system. At the same time, they place increasing demands on the secretariat and require considerably more in the way of both preparation and meeting time for the Committee.

C. Activities undertaken by other treaty bodies but not undertaken by the Committee

45. A number of activities are undertaken by other treaty bodies, but not by the Committee, which have implications for the work of those bodies. For example, in addition to their other activities, both the Human Rights Committee and the Committee against Torture are required to consider communications and individual petitions submitted under the optional protocols to their respective instruments.

46. Taking note of the recommendation of the World Conference on Human Rights that new procedures be adopted to strengthen the implementation of the commitment to women's equality and that the possibility of an optional protocol in particular be examined, 15/ the Committee on the Elimination of Discrimination against Women, through its suggestion No. 5, 16/ expressed its desire to have an expert group meeting convened to discuss the issue. The Economic and Social Council, in its resolution 1994/7 of 21 July 1994 decided that the Commission examine at its thirty-ninth session, in cooperation with the Committee and taking into consideration the results of any expert meeting on the question that might be convened prior to that session, the feasibility of an optional protocol. It is not, however, anticipated that an expert meeting on the subject will be convened, since resources for it are not available in the regular budget and none have been forthcoming from extrabudgetary sources.

47. In the event that a protocol were to be adopted, it would increase the amount of time required for Committee sessions and place additional demands on secretariat time and resources.

48. Several of the treaty bodies engage in general discussions on themes or issues of relevance to their concerns or the implementation of their respective conventions, some of which are also of concern to the Committee. For example, during its last session, on 16 May 1994, the Committee on Economic, Social and Cultural Rights held a meeting on the effect of structural adjustment programmes and safety nets on human rights. This same issue was also identified during the thirteenth session of the Committee on the Elimination of Discrimination against Women as an issue of great impact and importance in the enjoyment of women's human rights. Moreover, the Committee on Economic, Social and Cultural Rights

in its last session identified the situation of women as one of the most pressing issues on its own agenda.

D. Additional activities of the treaty bodies

49. Under article 17 of the Convention, the Committee on the Elimination of Discrimination against Women has a broad mandate to consider the progress made in the implementation of the Convention and through it, advances in the interests and status of women in the States parties generally. The other treaty bodies are similarly charged with the responsibility to oversee a particular area or issue of concern within the field of human rights. Thus, in comparing the resources of the Committee with the other treaty bodies and their respective abilities to carry out their mandates, it is useful to review the activities undertaken by the other treaty bodies in the pursuit of their particular objectives.

Discussion of special issues and topics

50. Both the Committee on the Rights of the Child and the Committee on Economic, Social and Cultural Rights devote one day during each session to a general discussion of a special issue relating to the mandate of their respective committees. Among the purposes of such general discussions identified by the Committee on Economic, Social and Cultural Rights are the development of a deeper appreciation of the standards contained in the treaty, consultation with experts, involvement of the general public and establishing the foundations for the drafting of general comments. That Committee has recognized the importance of contributions from outside in successfully realizing these objectives.

51. In preparation for its general discussions, the Committee on the Rights of the Child submits its agenda and identified areas of concern to specialized agencies and solicits their input. It also convenes working groups on such topics and meets with other agencies and bodies within the United Nations. For example, it has a standing working group on economic and social indicators whose members participated in a seminar on social and economic indicators held in January 1993 and organized by the Centre for Human Rights.

52. The Committee on the Elimination of Discrimination against Women in recent sessions has also recognized the importance of general discussions on emerging trends in the situation of women. For example, during the eleventh session the increase of female-headed households was identified as one such matter. During the twelfth session, there were repeated calls to have general discussions on new trends. However, in the light of the time constraints that the Committee currently faces, regular and systematic consideration of issues of importance to the implementation of the Convention has not yet been possible.

Regional meetings

53. In addition to its regular meetings, the Committee on the Rights of the Child conducts informal regional meetings which are funded by UNICEF. The purpose of these meetings is to allow on-site visits and inspections of

conditions in States parties to the Convention on the Rights of the Child and to permit briefings to develop an understanding of the application of the Convention in particular regional situations. Activities such as these strengthen the capacity of the Committee to monitor the implementation of the Convention and to advance the interests of children generally.

54. Where the situation in a State party warrants and needed information is unavailable by other means, the Committee on Economic, Social and Cultural Rights may request that the State party accept a mission consisting of one or two of the Committee's experts.

55. The Committee on the Elimination of Discrimination against Women currently has no provision or resources for such activities. The Committee of Chairpersons has emphasized the value of holding meetings outside Geneva, New York and Vienna (see A/47/628, para. 86), but notes that financial and other requirements tend to make their cost prohibitive.

Input into world conferences

56. On its own initiative, the Committee on the Elimination of Discrimination against Women made a substantive contribution to the Third World Conference on Women held at Nairobi in 1985. In the light of the decision taken at the Vienna World Conference on Human Rights to increase coordination among human rights bodies and to mainstream women's human rights, it will be important for the Committee to contribute to any and all world conferences that have a bearing on the status and rights of women.

57. At its twelfth session, the Committee formulated a detailed suggestion to the World Conference on Human Rights. 17/ During its thirteenth session, it formulated a suggestion to the International Conference on Population and Development which will be held at Cairo in September, 1994. 18/ Extensive consideration was also given to the Committee's input into the upcoming Fourth World Conference on Women to be held at Beijing in September 1995, including the structure and content of the report on the history, implementation and future of the Convention. The Committee also made a recommendation to the World Summit for Social Development, to be held at Copenhagen in March 1995, including the need for gender to be reflected throughout the conference document and for attention to the impact of economic adjustment policies on women and children. The Committee expressed the view that it was highly desirable that experts from both developed and developing countries participated in the preparatory meetings to help Member States understand that the Convention was an important normative instrument that may offer guidelines to social development initiatives and that its implementation was indispensable to social development. 19/

IV. IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 47/94

A. Secretariat servicing

58. In its resolution 47/94, the General Assembly requested the Secretary-General to continue his efforts to provide Secretariat staff and technical resources for the effective performance by the Committee of its functions and ensure adequate support to the Committee.

59. Since 1981, the Committee has been substantively and technically serviced by the Division for the Advancement of Women, now part of the Department for Policy Coordination and Sustainable Development. Servicing of the Committee by the Division currently includes the following tasks. The secretariat receives and processes the reports of States parties. Processing and pre-analysis of a report involves: a consideration of the structure and adequacy of the report, including the degree of compliance with the reporting guidelines established by the Committee; consideration of reports of States parties submitted to other treaty bodies and the extraction of information relevant to the Convention; an analysis of the fulfilment or deficiencies of the Government with respect to specific articles of the Convention; and the provision of statistical background material to the report. In addition, the Secretariat corresponds with States parties regarding the reports and maintains contact with Committee members throughout the year. Furthermore, the Secretariat is required to engage in detailed analysis and consideration of particular provisions of the Convention. Such analyses may provide needed background material for the preparation of general recommendations or be used to assist the Committee in the development of the jurisprudence of the Convention and the elaboration of specific articles.

60. The view has been expressed by the Committee and supported by the General Assembly, that technical and substantive support for the Committee should be strengthened within existing resources. At the time the General Assembly adopted the Convention in 1979, no statement of programme budget implications was issued, nor has one been issued subsequently with regard to secretariat servicing. The servicing of the Committee has been absorbed within the regular work programme of the Division. The regular staff resources of the Division have decreased since 1985.

B. Publicity

61. In response to the request of the General Assembly for continued dissemination of information relating to the Committee, the Convention and the concept of legal literacy, the Division dedicated an issue of its publication Women 2000 (No. 3, 1992) to women's equal rights, wherein it deals with the Convention, the Committee, the role of non-governmental organizations, the concept of temporary special measures, legal literacy and the communications procedure. The Centre for Human Rights is in the process of publishing a fact sheet on the Convention.

62. Resources have been set aside in the 1994 budget to issue volume 3 of the sales publication on the work of the Committee. It is foreseen that future programme budgets will allow continuation of this publication.

C. Technical and advisory services

63. The General Assembly welcomed also the initiatives taken to provide regional training courses for government officials of States parties as well as for States considering acceding to the Convention and urged the Secretariat to support such initiatives. Consequently, until this year, the Division provided technical assistance to States parties in the preparation of reports where they were either overdue or inadequate. It also organized training seminars for States parties and non-ratifying States that were designed to familiarize government officials and non-governmental organizations with the Convention and the reporting process. The resources for these activities were provided from the regular programme of technical cooperation of the organization. However, with the reorganization of the resources of the regular programme, and the transfer of the Division to the Department for Policy Coordination and Sustainable Development, these resources are no longer available. Efforts are being undertaken to work with the Centre for Human Rights in its programme of advisory services.

D. Interaction between the Committee and the Commission

64. Consistent with the recommendation of the General Assembly that meetings of the Committee be scheduled to allow for the timely transmission of the results of its work to the Commission on the Status of Women in the same year, the results of the Committee's work on its twelfth and thirteenth sessions were presented to the Commission by way of conference room papers. 20/ The Committee's fourteenth session is also scheduled in such a way that a similar procedure can be followed.

Notes

1/ Report of the World Conference on Human Rights, Vienna, 14-25 June 1993 (A/CONF.157/24 (Part I)), chap. III.

2/ Economic and Social Council decision 1992/259.

3/ Economic and Social Council decision 1993/296.

4/ CRC/C/20, p. 4, recommendation No. 1.

5/ See CRC/C/24, p. 4, recommendation No. 1.

6/ CEDAW/C/1994/6.

7/ Official Records of the General Assembly, Forty-eighth Session, Supplement No. 38 (A/48/38), para. 1.

8/ Ibid., Forty-ninth Session, Supplement No. 38 (A/49/38), para. 796.

9/ Excluded from these calculations are updated reports and subsequent periodic reports which were received in the interim and considered at the same session.

10/ This very high number is a result of a number of factors: the Convention on the Elimination of Racial Discrimination was the first convention to enter into force and its committee began receiving reports eight years before any other; that Convention has a much shorter reporting periodicity than others, two years as opposed to four or five. In practice, States parties report only every four or five years or more, and the Committee expects a comprehensive report only every four years with an update every two years.

11/ Report of the World Conference on Human Rights, Vienna, 14-25 June 1993 (A/CONF.157/24 (Part I)), chap. III, para. 38.

12/ Official Records of the General Assembly, Forty-sixth Session, Supplement No. 38 (A/46/38), para. 389.

13/ The general comments formulated by the Human Rights Committee and the Committee on Economic, Social and Cultural Rights are approximately equivalent in purpose and scope to the general recommendations of the Committee on the Elimination of Discrimination against Women and the Committee on the Elimination of Racial Discrimination.

14/ This number reflects the practice of that Committee to formulate all administrative and procedural matters as formal recommendations. To date, there has been no substantive consideration of the articles of that Convention.

15/ Report of the World Conference on Human Rights, Vienna, 14-25 June 1993 (A/CONF.157/24 (Part II)), chap. III, sect. II, para. 40.

16/ Official Records of the General Assembly, Forty-ninth Session, Supplement No. 38 (A/49/38), p. 10.

17/ Ibid., Forty-eighth Session, Supplement No. 38 (A/48/38), p. 6, suggestion No. 4.

18/ Ibid., Forty-ninth Session, Supplement No. 38 (A/49/38), p. 10, suggestion No. 6.

19/ Ibid., para. 832.

20/ E/CN.6/1993/CRP.2 on the Committee's twelfth session and E/CN.6/1994/CRP.1 on the Committee's thirteenth session.

Table 1. Consideration of reports by the human rights treaty bodies

As at 1 June 1994	Human Rights Committee	Committee on Economic, Social and Cultural Rights	Committee on the Elimination of Racial Discrimination	Committee against Torture	Committee on the Rights of the Child	Committee on the Elimination of Discrimination against Women
Treaty ratifications	127	129	139	82	161	133
Number of members	18	18	18	10	10	23
Current mandated regular meeting time	3 three-week sessions per year	1 three-week session per year a/	2 two-week sessions per year	2 two week sessions per year	2 three-week sessions per year b/	1 two-week session per year c/
Number of reports considered per session	5-7	5-6	12-13	6	6	15-16
Number of reports considered per year	15-20	12	25	12	12	15-16
Average number of meetings per country report	3 (2 for initial reports)	3	2	2	3	1½ meetings for initial reports; 1 meeting for subsequent reports
Number of overdue reports	95	129	392 d/	46	80	117
Reporting periods	First report within one year after entry into force; subsequent reports every five years	First report within one year after entry into force; subsequent reports every five years	First report within two years after entry into force; subsequent reports every two years (Economic and Social Council resolution 1988/4)	First report within one year after entry into force; subsequent reports every four years	First report within two years after entry into force; subsequent reports every five years	First report within one year after entry into force; subsequent reports every four years
Secretariat servicing	Centre for Human Rights	Centre for Human Rights	Centre for Human Rights	Centre for Human Rights	Centre for Human Rights	Division for the Advancement of Women

(Footnotes on following page)

/...

(Footnotes to table 1)

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a/ In 1993 and 1994, the Committee on Economic, Social and Cultural Rights met for 2 three-week sessions as a result of the authorization of an extraordinary session in 1993 and 1994.

b/ In 1994, the Committee on the Rights of the Child met for 3 three-week sessions as a result of the authorization of a special session.

c/ The Committee on the Elimination of Discrimination against Women currently meets for 1 three-week session per year as a result of the authorization of the General Assembly.

d/ This number reflects the more frequent reporting requirements of the Convention on the Elimination of Racial Discrimination and the fact that the Committee on the Elimination of Racial Discrimination has been considering reports for eight years longer than any other treaty body.

Table 2. Statistics on reporting to the Committee on the Elimination of Discrimination against Women

A. Reports received by the Committee

(as at 1 June 1994)

Year	Initial	1+2 combined	1+2+3 combined	Second	2+3 combined	Third	Excepticnal reports
1982	7						
1983	12						
1984	5						
1985	4						
1986	14			2			
1987	11			8			
1988	5			7			
1989	2			9			
1990	5			5		3	
1991	3	3	1	2	1	7	
1992	1	3		5	2	4	
1993	1	2	1	2	2	5	
1994	2	1		2	1		2

B. Number of reports considered

(as at 1 June 1994)

Year	Session	Initial	1+2 combined	1+2+3 combined	Second	2+3 combined	Third	Exceptional reports
1982	First	0						
1983	Second	7						
1984	Third	6						
1985	Fourth	5						
1986	Fifth	8						
1987	Sixth	8						
1988	Seventh	11			2			
1989	Eighth	6			3			
1990	Ninth	7					5	
1991	Tenth	2					8	
1992	Eleventh	1	1	1	6			
1993	Twelfth	1	1	2	4	1	2	
1994	Thirteenth	4	2		3	4		2
1995	Fourteenth	3	2	1	3		3	

C. Number of reports awaiting discussion

(as at 1 June 1994)

Initial	1+2 combined	1+2+3 combined	Second	2+3 combined	Third
6	6	2	6	3	10

D. Total number of reports received and awaiting consideration: 33

ANNEX I

List of States that have signed, ratified or acceded to the Convention as at 1 August 1994

State	Date of signature	Date of receipt of the instrument of ratification, accession or succession
Afghanistan	14 August 1980	
Albania		11 May 1994 a/
Angola		17 September 1986 a/
Antigua and Barbuda		1 August 1989 a/
Argentina	17 July 1980	15 July 1985 b/
Armenia		13 September 1993 a/
Australia	17 July 1980	28 July 1983 b/
Austria	17 July 1980	31 March 1982 b/
Bahamas		6 October 1993 a/ b/
Bangladesh		6 November 1984 a/ b/
Barbados	24 July 1980	16 October 1980
Belarus	17 July 1980	4 February 1981 c/
Belgium	17 July 1980	10 July 1985 b/
Belize	7 March 1990	16 May 1990
Benin	11 November 1981	12 March 1992
Bhutan	17 July 1980	31 August 1981
Bolivia	30 May 1980	8 June 1990
Bosnia and Herzegovina		1 September 1993 d/
Brazil	31 March 1981 b/	1 February 1984 b/
Bulgaria	17 July 1980	8 February 1982 c/
Burkina Faso		14 October 1987 a/
Burundi	17 July 1980	9 January 1992
Cambodia	17 October 1980	15 October 1992 a/
Cameroon	6 June 1983	
Canada	17 July 1980	10 December 1981 c/
Cape Verde		5 December 1980 a/
Central African Republic		21 June 1991 a/
Chile	17 July 1980 b/	7 December 1989
China	17 July 1980 b/	4 November 1980 b/
Colombia	17 July 1980	19 January 1982
Congo	29 July 1980	26 July 1982
Costa Rica	17 July 1980	4 April 1986
Côte d'Ivoire	17 July 1980	
Croatia		9 September 1992 d/
Cuba	6 March 1980	17 July 1980 b/
Cyprus		23 July 1985 a/ b/
Czech Republic e/		22 February 1993 c/ d/
Denmark	17 July 1980	21 April 1983
Dominica	15 September 1980	15 September 1980

/...

State	Date of signature	Date of receipt of the instrument of ratification, accession or succession
Dominican Republic	17 July 1980	2 September 1982
Ecuador	17 July 1980	9 November 1981
Egypt	16 July 1980 b/	18 September 1981 b/
El Salvador	14 November 1980 b/	19 August 1981 b/
Equatorial Guinea		23 October 1984 a/
Estonia		21 October 1991 a/
Ethiopia	8 July 1980	10 December 1981 b/
Finland	17 July 1980	4 September 1986
France	17 July 1980 b/	14 December 1983 b/ c/
Gabon	17 July 1980	21 January 1983
Gambia	29 July 1980	16 April 1993
Germany f/	17 July 1980	10 July 1985 b/
Ghana	17 July 1980	2 January 1986
Greece	2 March 1982	7 June 1983
Grenada	17 July 1980	30 August 1990
Guatemala	8 June 1981	12 August 1982
Guinea	17 July 1980	9 August 1982
Guinea-Bissau	17 July 1980	23 August 1985
Guyana	17 July 1980	17 July 1980
Haiti	17 July 1980	20 July 1981
Honduras	11 June 1980	3 March 1983
Hungary	6 June 1980	22 December 1980 c/
Iceland	24 July 1980	18 June 1985
India	30 July 1980 b/	9 July 1993 b/
Indonesia	29 July 1980	13 September 1984 b/
Iraq		13 August 1986 a/ b/
Ireland		23 December 1985 a/ b/ c/
Israel	17 July 1980	3 October 1991 b/
Italy	17 July 1980 b/	10 June 1985
Jamaica	17 July 1980	19 October 1984 b/
Japan	17 July 1980	25 June 1985
Jordan	3 December 1980 b/	1 July 1992 b/
Kenya		9 March 1984 a/
Lao People's Democratic Republic	17 July 1980	14 August 1981
Latvia		14 April 1992 a/
Lesotho	17 July 1980	
Liberia		17 July 1984 a/
Libyan Arab Jamahiriya		16 May 1989 a/ b/
Lithuania		18 January 1994 a/
Luxembourg	17 July 1980	2 February 1989 b/
Macedonia		18 January 1994 d/
Madagascar	17 July 1980	17 March 1989
Malawi		12 March 1987 a/ c/
Maldives		1 July 1993 a/ b/

State	Date of signature	Date of receipt of the instrument of ratification, accession or succession
Mali	5 February 1985	10 September 1985
Malta		8 March 1991 a/ b/
Mauritius		9 July 1984 a/ b/
Mexico	17 July 1980 b/	23 March 1981
Mongolia	17 July 1980	20 July 1981 c/
Morocco		21 June 1993 a/ b/
Namibia		23 November 1992 a/
Nepal	5 February 1991	22 April 1991
Netherlands	17 July 1980	23 July 1991 b/
New Zealand	17 July 1980	10 January 1985 b/ c/
Nicaragua	17 July 1980	27 October 1981
Nigeria	23 April 1984	13 June 1985
Norway	17 July 1980	21 May 1981
Panama	26 June 1980	29 October 1981
Paraguay		6 April 1987 a/
Peru	23 July 1981	13 September 1982
Philippines	15 July 1980	5 August 1981
Poland	29 May 1980	30 July 1980 b/
Portugal	24 April 1980	30 July 1980
Republic of Korea	25 May 1983 b/	27 December 1984 b/ c/
Republic of Moldova		1 July 1994 a/
Romania	4 September 1980 b/	7 January 1982 b/
Russian Federation	17 July 1980	23 January 1981 c/
Rwanda	1 May 1980	2 March 1981
Saint Kitts and Nevis		25 April 1985 a/
Saint Lucia		8 October 1982 a/
Saint Vincent and the Grenadines		4 August 1981 a/
Samoa		25 September 1992 a/
Senegal	29 July 1980	5 February 1985
Seychelles		5 May 1992 a/
Sierra Leone	21 September 1988	11 November 1988
Slovakia e/		25 May 1993 d/
Slovenia		6 July 1992 d/
South Africa	29 January 1993	
Spain	17 July 1980	5 January 1984 b/
Sri Lanka	17 July 1980	5 October 1981
Suriname		1 March 1993 a/
Sweden	7 March 1980	2 July 1980
Switzerland	23 January 1987	
Tajikistan		26 October 1993 a/
Thailand		9 August 1985 a/ b/ c/
Togo		26 September 1983 a/
Trinidad and Tobago	27 June 1985 b/	12 January 1990 b/
Tunisia	24 July 1980	20 September 1985 b/

State	Date of signature	Date of receipt of the instrument of ratification, accession or succession
Turkey		20 December 1985 a/ b/
Uganda	30 July 1980	22 July 1985
Ukraine	17 July 1980	12 March 1981 c/
United Kingdom of Great Britain and Northern Ireland	22 July 1981 b/	7 April 1986 b/
United Republic of Tanzania	17 July 1980	20 August 1985
United States of America	17 July 1980	
Uruguay	30 March 1981	9 October 1981
Venezuela	17 July 1980	2 May 1983 b/
Viet Nam	29 July 1980	17 February 1982 b/
Yemen g/		30 May 1984 a/ b/
Yugoslavia	17 July 1980	26 February 1982
Zaire	17 July 1980	17 October 1986
Zambia	17 July 1980	21 June 1985
Zimbabwe		13 May 1991 a/

a/ Accession.

b/ Declarations or reservations.

c/ Reservation subsequently withdrawn.

d/ Succession.

e/ Before becoming separate States on 1 January 1993 the Czech Republic and Slovakia formed part of Czechoslovakia, which had ratified the Convention on 16 January 1982.

f/ With effect from 3 October 1990, the German Democratic Republic (which ratified the Convention on 9 July 1980) and the Federal Republic of Germany (which ratified the Convention on 10 July 1985) united to form one sovereign State, which acts in the United Nations under the designation of "Germany".

g/ On 22 May 1990, Democratic Yemen and Yemen merged to form a single State, which acts in the United Nations under the designation of "Yemen".

ANNEX II

Reservations made upon ratification from 1 August 1993 to 1 August 1994

[Original: English]

[6 October 1993]

Reservations made by the Commonwealth of the Bahamas upon accession

The Government of the Commonwealth of the Bahamas does not consider itself bound by the provisions of article 2 (a), ... article 9, paragraph 2, ... article 16 (h), ... [and] article 29, paragraph 1, of the Convention.

The following text of declarations and reservation was not contained in the report of the General Assembly at its forty-eighth session (A/48/354):

[Original: English]

[9 July 1993]

Declarations and reservation made by the Government of the Republic of India upon signature and confirmed upon ratification

A. DECLARATIONS

With regard to articles 5 (a) and 16 (1) of the Convention on the Elimination of All Forms of Discrimination against Women, the Government of the Republic of India declares that it shall abide by and ensure these provisions in conformity with its policy of non-interference in the personal affairs of any community without its initiative and consent.

With regard to article 16 (2) of the Convention on the Elimination of All Forms of Discrimination against Women, the Government of the Republic of India declares that though in principle it fully supports the principle of compulsory registration of marriages, it is not practical in a vast country like India with its variety of customs, religions and level of literacy.

B. RESERVATION

With regard to article 29 of the Convention on the Elimination of All Forms of Discrimination against Women, the Government of the Republic of India declares that it does not consider itself bound by paragraph 1 of this article.

ANNEX III

Objections made from 1 August 1993 to 1 August 1994

[Original: English]

[5 May 1994]

Objection by the Government of Finland to reservations made by the Government of the Republic of Maldives upon accession

The Government of Finland has examined the contents of the reservations made by the Government of Maldives upon accession to the said Convention, by which Maldives expresses that: "The Government of the Republic of Maldives will comply with the provisions of the Convention, except those which the Government may consider contradictory to the principles of the Islamic Shariah upon which the laws and traditions of the Maldives is founded. Furthermore, the Republic of Maldives does not see itself bound by any provisions of the Convention which obliges to change its constitution and laws in any manner."

In the view of the Government of Finland, the unlimited and undefined character of the said reservations create serious doubts about the commitment of the reserving State to fulfil its obligations under the Convention. In their extensive formulation, they are clearly contrary to the object and purpose of the Convention. Therefore, the Government of Finland objects to such reservations.

The Government of Finland also recalls that the said reservations are subject to the general principle of treaty interpretation according to which a party may not invoke the provisions of its domestic law as a justification for failure to perform its treaty obligations.

The Government of Finland does not, however, consider that this objection constitutes an obstacle to the entry into force of the Convention between Finland and Maldives.

[Original: English]

[14 July 1994]

Objection by the Government of the Kingdom of the Netherlands to the reservations and declarations made by the Governments of India, Morocco and Maldives upon ratification or accession

The Government of the Kingdom of the Netherlands considers that the declarations made by India regarding article 5 (a) and article 16, paragraph 1, of the Convention are reservations incompatible with the object and purpose of the Convention (article 28, para. 2).

The Government of the Kingdom of the Netherlands considers that the declaration made by India regarding article 16, paragraph 2, of the Convention

is a reservation incompatible with the object and purpose of the Convention (article 28, para. 2).

The Government of the Kingdom of the Netherlands considers that the declaration made by Morocco expressing the readiness of Morocco to apply the provisions of article 2 provided that they do not conflict with the provisions of the Islamic Shariah, is a reservation incompatible with the object and purpose of the Convention (article 28, para. 2).

The Government of the Kingdom of the Netherlands considers that the declaration made by Morocco regarding article 15, paragraph 4, of the Convention is a reservation incompatible with the object and purpose of the Convention (article 28, para. 2).

The Government of the Kingdom of the Netherlands considers that the reservations made by Morocco regarding article 9, paragraph 2, and article 16 of the Convention are reservations incompatible with the object and purpose of the Convention (article 28, para. 2).

The Government of the Kingdom of the Netherlands has examined the reservations made by Maldives, by which "The Government of the Republic of Maldives will comply with the provisions of the Convention, except those which the Government may consider contradictory to the principles of the Islamic Shariah upon which the laws and traditions of Maldives is founded", and the Republic of Maldives declares that it "does not see itself bound by any provisions of the Convention which obliges to change its constitution and laws in any manner". The Government of the Kingdom of the Netherlands considers the said reservations incompatible with the object and purpose of the Convention.

The Government of the Kingdom of the Netherlands objects to the above-mentioned declarations and reservations.

These objections shall not preclude the entry into force of the Convention as between India, Morocco, Maldives and the Kingdom of the Netherlands.

ANNEX IV

Reports overdue as at 1 June 1994

Country	Initial report	Second periodic report	Third periodic report
Angola	X	X	
Antigua and Barbados	X		
Australia			X
Austria			X
Belize	X		
Benin	X		
Bhutan	X	X	X
Brazil	X	X	X
Bulgaria		X	X
Burkina Faso		X	
Burundi	X		
Cambodia	X		
Cape Verde	X	X	X
Central African Republic	X		
China			X
Congo	X	X	X
Costa Rica	X	X	
Croatia	X		
Cyprus		X	
Czech Republic	X		
Dominica	X	X	X
Egypt			X
El Salvador			X
Equatorial Guinea			X
Estonia	X		
France			X
Gabon		X	X
Gambia	X		
Germany		X	
Greece		X	X
Grenada	X		
Guatemala			X
Guinea	X	X	X
Guinea-Bissau	X	X	
Guyana		X	X
Haiti	X	X	X
Indonesia		X	X
Iraq		X	
Ireland		X	
Jamaica		X	X
Jordan	X		

Country	Initial report	Second periodic report	Third periodic report
Kenya			X
Lao People's Democratic Republic	X	X	X
Latvia	X		
Liberia	X	X	X
Luxembourg	X	X	
Madagascar		X	
Malawi		X	
Mali		X	
Malta	X		
Mauritius			X
Mongolia			X
Namibia	X		
Nepal	X		
New Zealand			X
Nigeria		X	
Panama		X	X
Peru			X
Republic of Korea			X
Saint Kitts and Nevis	X	X	X
Saint Lucia	X	X	X
Samoa	X		
Senegal			X
Seychelles	X		
Sierra Leone	X	X	
Spain			X
Sri Lanka			X
Suriname	X		
Thailand		X	
Togo	X	X	X
Trinidad and Tobago	X		
Tunisia		X	
United Republic of Tanzania		X	
Uruguay		X	X
Venezuela			X
Viet Nam		X	X
Yugoslavia			X
Zaire		X	
Zimbabwe	X		

UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/49/309
12 August 1994

ORIGINAL: ENGLISH

Forty-ninth session
Item 90 (d) of the provisional agenda*

MACROECONOMIC POLICY QUESTIONS: NET TRANSFER OF RESOURCES BETWEEN DEVELOPING AND DEVELOPED COUNTRIES

Report of the Secretary-General

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* A/49/150.

SUMMARY

1. Total net capital inflows, that is, the sum of net foreign investment, net credit, grants and other net financing, to capital-importing developing countries reached $154 billion in 1993. Net payments of dividends and interest amounted to $63 billion. Thus, the net financial transfer to capital-importing developing countries rose to $91 billion, the highest ever recorded.

2. The most dynamic components were private short-term capital, including repatriation, and foreign direct investment. Official credit now carries less weight than it did in the previous period of positive transfer.

3. A dozen countries in Asia and Latin America, characterized by financial analysts as "emerging markets", received most of the capital inflow, while the vast majority of developing countries have not been touched by the growth in net financial transfers.

4. There is no assurance that the present trend is sustainable, and several countries are taking policy measures to make their economies capable of adjusting to a sharp contraction in these large inflows. These measures are aimed at channelling external flows to fixed capital investment, export diversification and technological modernization.

5. Countries with a very rapid inflow faced difficult policy choices regarding the appreciation of their currencies, the excessive increase in reserves and the concomitant pressure on the money supply, sterilization measures and related costs, and the need to slow down short-term capital inflows. The choices made have prevented excessive disequilibria so far.

6. Had developing countries encountered in 1993 the same prices for their imports and exports as they did in 1989, their foreign exchange earnings would have been $75 billion greater than they actually were. Thus, the actual change in real resource availability was less than indicated by the financial transfer. In some countries, losses as a result of deteriorating terms of trade were quite large and exceeded the net financial transfer.

7. Official development assistance (ODA) for the poorest developing countries, which have not yet been able to tap the international private capital markets, continues to be essential. The economic transformation necessary to attract funds from the large pool of international private capital requires an increase in aid to develop infrastructure and human resources.

8. An interest rate shock could rapidly reverse the flows, not least because in several developing countries external debt at variable interest rates is still high. Efforts to avoid extremes of volatility in international financial flows would benefit all countries.

I. INTRODUCTION

9. The net transfer of resources to capital-importing developing countries 1/ on a financial basis 2/ having remained negative from 1983 to 1989, became positive in 1990 and gradually increased thereafter, to surpass $90 billion in 1993 (see table 1 below). About half the net financial resources were used to build up reserves, but the other half allowed expenditures on imports to rise relative to export earnings, financing new trade deficits. If, however, account is taken of the deterioration of the terms of trade of these countries, the changes in real resource availability during the period were considerably smaller.

10. The increasing inflows of capital, which are the main determinant of the shift from net negative to net positive transfer of financial resources, can be interpreted as a "return to normality" in the development process: at initial stages of growth, when installation of productive activity is import intensive, developing countries need to import capital to finance the corresponding current account deficit and to complement domestic savings. 3/ Nevertheless, such a return to normality has to be seen in the light of two phenomena: first, only a limited number of countries are affected, and secondly, it has brought its own harvest of policy dilemmas and questions about sustainability.

11. The present report has been prepared in response to General Assembly resolution 47/178 of 22 December 1992. It is the fifth in a series of reports of the Secretary-General in which the analysis of the net transfer has evolved. The first report (A/42/272) was presented in 1987, when the net outflow of resources was reaching alarming levels in a considerable number of developing countries.

II. TRENDS IN THE NET FINANCIAL TRANSFER TO DEVELOPING COUNTRIES

12. In 1993, capital-importing developing countries received a net transfer of resources on a financial basis of around $91 billion. 4/ The level of the transfer in the last few years is larger than the one of the early 1980s, immediately before the debt crisis gave rise to the negative transfer. While the average net positive transfer for the triennium 1991-1993 was around $66 billion, in the triennium 1980-1982 an average of $28 billion was registered. Even as a proportion of the aggregate gross domestic product (GDP) of developing countries, the recent net inflow is larger than the one of the early 1980s. 5/

13. Not all the increased net financial transfer to developing countries went to finance current account deficits. Much of the new capital inflows to several developing countries went into reserves, which in various cases had been severely depleted after the debt crisis. The ratio of official reserves to current expenditures on goods and services (including interest payments) increased by 70 per cent between 1983 and 1993 for all developing countries, but it more than doubled in the 15 heavily indebted countries. 6/ Correspondingly, the net transfer on an expenditure basis, which is, after certain adjustments,

the financing required to cover the current account position, is far smaller than the net transfer on a financial basis (see annex for definitional distinctions). In 1993, nearly half the net financial transfer went into reserves (see table 1 below).

14. Whatever the concept and operational definition used, the average figures clearly indicate an attenuation of the balance-of-payments constraint of developing countries, reflected in the increased share of imports in GDP by comparison with the period of severe external constraint. Of course, the average figures capture neither the diversity of developing country experiences nor the characteristics of those capital flows that have determined, first, the shift from negative to positive transfer and subsequently the continued increase of the positive transfer so far during the 1990s.

15. The largest change in trend, when comparing the early 1990s and the late 1980s, occurred in Latin America. This essentially reflects the fact that the sea change took place in a group of countries previously classified as heavily indebted countries, in which Latin America figures prominently, and is consistent with the role played by the debt crisis of 1982 in giving rise to the negative transfer in the first place. In Africa as a whole and in sub-Saharan Africa no change in trends can be discerned (see tables 2 to 6 below).

16. The increased positive transfer to developing countries in the triennium 1991-1993 can be broken down as follows:

(a) Large increases in foreign direct investment in Asia and Latin America. In the last two years, the share of the net transfer on account of foreign direct investment in the total net transfer was roughly the same in Asia and in Latin America;

(b) Stupendous increases, of 150 per cent in certain years, in the net inflow of short-term capital, including capital repatriation, in particular in Asia in 1991 and in Latin America in 1992 and 1993;

(c) Return to some private long-term borrowing in Latin America, which brought a reduction of the still negative net transfer on that account;

(d) Increase in net official credits in Asia, raising, for that region, the net transfer on account of official flows. Yet the net transfer on account of official flows turned negative in Latin America in 1991. However, it remained positive and increased in Africa as a whole and in sub-Saharan Africa, mainly because of an increase in official grants 7/ (see tables 1 to 6 below).

17. In Latin America, the reversal in the trend of net capital flows in the 1990s included a considerable amount of capital repatriation. It also included new forms of access to the international market, such as issuing bonds and selling shares in the developed-country markets (in particular in the United States of America by using American Depository Receipts issued by the main banks), portfolio investment that enters through specific country funds and foreign direct investment associated with the process of privatization. 8/ In Asia, new instruments, including equity investments in stock markets, also developed rapidly.

III. DETERMINANTS OF THE CHANGE IN FLOWS

18. In its survey on "Financing and external debt of developing countries" issued in 1990, OECD noted that "short of a marked fall in international interest rates or significant debt (service) reduction, and a vigorous recovery of confidence and investment in the problem countries, the underlying trend is for persistently high and even growing net financial transfers" from developing countries. 9/ Indeed, in the early 1990s, international interest rates declined and so did debt-burden indicators, such as the ratios of total debt to GNP and debt service to exports, in the major debt problem countries. Confidence in these major debt problem countries improved correspondingly, and the net transfer was reversed. As noted in the World Economic and Social Survey, 1994, "the degree of market access [to international private capital] in 1993 was possible mainly because most of the large debt-crisis countries have either reduced their debt-burden indicators to levels that the market accepts, or developed high reserve levels to which the market looks for security, or borrowers have made arrangements for various types of guarantees, such as collateral, that reduce the perceived risk." 10/

19. The reversal of the net financial transfer was thus determined by "attraction" and "expulsion" factors. Domestic policy that promoted more stable rules of the game, progress towards fiscal consolidation and prospects of a more stable internal economic environment, liberalization and opening of the economy and the strength of the domestic and regional markets are among the former. Recession and low interest rates in several developed economies were among the latter. 11/ For each country and each region a particular combination of these various factors is at work. 12/

20. Private capital flows have been the main source of the new net transfer in the recent phase, while official credits carry less weight than they did in the previous period of positive transfer (i.e., before 1983). Accordingly, the new-found abundance of foreign capital benefited only a relatively small number of developing countries able to tap private international markets, even though most of the largest developing economies are included in this small number of countries that financial analysts characterize as the "emerging markets".

21. Official credit is not among the determinants of the change, although, after official grants, official credit is still the main component of the positive transfer towards Africa, and especially sub-Saharan Africa. The transfer on account of multilateral official lending provided by the Bretton Woods institutions has been negative in the 1990s. Having steeply increased lending in the wake of the 1983 debt crisis, IMF and the World Bank are now in a repayment mode.

22. While IMF was conceived as a revolving fund, in which net lending (i.e. new lending minus repayments of principal) should, on average, approach zero over time, net lending has been negative since 1986, with the exception of 1991. 13/ Net IMF lending to developing countries was again negative in 1993 ($400 million).

23. The net transfer to IMF from developing countries is larger than the net negative lending of IMF because it includes interest payments. The net transfer

to developing countries on account of World Bank lending (taking the sum of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)) became negative in fiscal year 1991 and continued to be negative in fiscal years 1992 and 1993. 14/ It is important to note, however, that transfers from the Bretton Woods international financial institutions have continued to be positive to the most needy regions, in particular sub-Saharan Africa and parts of Asia.

24. The regional development banks taken together made a positive net transfer in the 1990s. However, while the net transfer from the African Development Bank (AfDB) and the Asian Development Bank (ADB) was positive, it was negative from the Inter-American Development Bank (IDB). 15/

IV. FINANCIAL TRANSFERS AND ACCESS TO REAL RESOURCES

25. The rise in the net financial transfer means, in principle, an increase in the country's access to real resources, goods and services, from abroad. But the two are not equivalent. Of course, that part of the transfer that goes into increasing a country's foreign exchange reserves does not directly finance imports of goods or services. Accordingly, to assess whether access to real resources is improving, the starting-point is the financial transfer on an expenditure basis (the last line in tables 1 to 6 below). 16/ But this access depends also on the price movements of exports and imports. The same level of financial transfers can be associated with a lower (or higher) level of access to real resources when the country or region suffers a loss (or gain) in its terms of trade. Changes in terms of trade and changes in the patterns of financial flows have interacted in many ways. 17/

26. During the 1990s, developing countries continued to experience a deterioration in their terms of trade. 18/ Had developing countries received and paid for their exports and imports in 1993 the average prices they received and paid in 1989, they would in 1993 have had an extra $75 billion available in foreign exchange. The accumulated loss owing to a deterioration in the terms of trade in the period 1990-1993 is over $150 billion (see table 7 below).

27. The 1993 loss is equivalent to about 2 per cent of the aggregate GDP of developing countries in that year. Apparently a small figure, it is large in relation to national savings or investment ratios in developing countries. Indeed, changes in terms of trade affect investment in a significant manner. 19/ However, such losses or gains have to be analysed in relative terms and several elements have to be taken into consideration:

(a) This type of measure is highly sensitive to the base year chosen: when, for instance, 1980 (a year of high prices for oil and several other commodities) is taken as the base year the estimated loss in the year 1993 is over $350 billion, or 9 per cent of GDP of developing countries; 20/

(b) Terms of trade of developing countries have been declining for a prolonged period; 21/

(c) Shifts can be large, in individual countries as well as in regions, and the instability is higher in those countries that depend on a few export commodities;

(d) Similarly, the faster and easier the speed of economic adjustment to relative price changes, the less meaningful are long-term calculations of the gains or losses from changes in international trade prices; 22/

(e) The larger the exports and imports of a country relative to its GDP, the larger the loss or gain from a given change in the ratio of export unit prices over import unit prices.

28. Regional estimates of the impact of terms-of-trade variations in the 1990s are shown in table 7 below. As is well known, sub-Saharan countries were subject to the largest losses in proportion to their economies. As noted above, fluctuations are important: West Asia, the region that has shown the largest oscillations in the last two decades, lost on price movements in 1993 as much as it had gained in 1990. China has suffered comparatively small terms-of-trade losses in 1993, on account of its diversification into manufacture exports and of large imports of commodities during the recent boom. That South and East Asia has the largest dollar value for the terms-of-trade loss in 1993, as seen in table 7, does not indicate that it suffered the worst deterioration in terms of trade but rather that the value of its exports and imports is by far the largest of all the developing country regions. As a share of exports, Africa's and sub-Saharan Africa's losses are the largest, and South-East Asia's the smallest.

29. The impact of terms-of-trade movements and financial flows differs, as would be expected, from country to country. The combined effect in both variables can lead to dramatic changes in the access of individual countries to real resources, as happened in the early 1980s when a significant deterioration in the terms of trade was accompanied in several countries by a large outflow of financial resources. 23/ The following paragraphs illustrate the combined effects in three developing countries in recent years.

30. Côte d'Ivoire has been one of the countries most severely affected by the decline of the prices of its major export products over the last decade. The prices of cocoa and coffee, which account for about 40 per cent of its exports, were about halved between 1984 and 1993. Between 1989 and 1993, average export prices declined by about 25 per cent, while import prices have generally increased. Côte d'Ivoire would have gained the equivalent of $1.5 billion between 1990 and 1993, nearly 4 per cent of GDP per year on average, had it received and paid 1989 prices for its exports and imports.

31. In the period 1990-1993, Côte d'Ivoire received an accumulated net transfer, on a financial basis, of about $2 billion. In contrast to many developing countries in Asia and Latin America, the financial transfer was mainly composed of official flows. Foreign direct investment was negligible and portfolio investments were virtually non-existent. External finance, over the years, has been insufficient to cover the current account deficit and, by the end of 1992, Côte d'Ivoire had accumulated $3.3 billion of arrears on debt-service payments (mostly to private creditors).

32. The net transfer, on an expenditure basis, is similar to that calculated on a financial basis, since no large changes in reserves took place in Côte d'Ivoire. Thus, only a relatively modest increase in its access to real resources took place in that period when account is taken of the loss in terms of trade. Prospects for the economy of Côte d'Ivoire, however, have improved recently. During the second half of 1993, coffee and cocoa prices started to edge upwards. This trend has continued into 1994. Moreover, in January 1994 its currency, which had been kept at the same nominal exchange rate to the French franc since 1948, was devalued by 50 per cent. Economic reforms, new IMF lending and debt relief have accompanied the devaluation. The Paris Club agreed to give enhanced Toronto terms to Côte d'Ivoire, which will reduce by half the net present value of the non-concessional official debt servicing. 24/

33. In Indonesia in the 1990s, terms of trade fluctuated in a narrow range, not considering the exceptional upward spike in 1990 in the wake of the Gulf crisis. Taking 1989 as the base year, the decline in terms of trade in 1992 was less than half of 1 per cent, and the corresponding loss in national income was negligible. Because of the substantial drop in oil prices, terms of trade are likely to have decreased by some 2½ per cent in 1993. But even with the steeper decline in 1993, the decrease in income in the period 1990-1993 is small (on average less than 0.3 per cent of GDP annually).

34. Indonesia's terms of trade have been highly sensitive to the world price of oil and, to a lesser extent, of other commodities, as these still constituted sizeable shares of total exports in 1992 (33 per cent and 19 per cent respectively). However, because of a rapidly growing share of manufactured exports (up from 32 per cent in 1989 to 48 per cent in 1992), the sharp declines in oil and commodity prices caused only a modest terms-of-trade deterioration. Manufactured exports continued to increase rapidly in 1993 and rose to over 50 per cent of total exports, while the shares of oil and other commodities fell to 26 per cent and 20 per cent respectively of total exports. Rapid diversification of exports into manufactures reduced the fluctuations and losses in terms of trade in the early 1990s.

35. Indonesia has had very large capital inflows in the 1990s, mostly private. Net capital inflows were in the range of $5.3 billion to $5.7 billion annually in 1990-1992, but they fell to about $3.5 billion in 1993, mainly owing to a slow-down in foreign direct investment and net long-term borrowing. Total net capital inflow in the period 1990-1993 was about $20 billion. Nevertheless, the net transfer on a financial basis in this period has been negligible owing to large interest payments ($3-$3.5 billion annually) on outstanding debt accumulated since the mid-1980s and repatriation of profits from foreign direct investment ($2-$2.5 billion annually).

36. Chile's terms of trade deteriorated by almost 20 per cent between 1989 and 1993. The fall was sharp in 1990, by over 10 per cent, but terms of trade remained fairly stable in the following two years. 25/ In 1993, however, the fall was again large, given price declines in Chile's main export products: copper, cellulose and fish-meal. Some of its fruit exports also suffered price declines in 1993. Meanwhile, import prices remained more or less stable.

37. The vulnerability of Chile to relatively strong terms-of-trade fluctuations within the overall declining trend derives from its export structure and high degree of openness. Despite the country's strong drive towards diversification, mining products were 47 per cent of total exports in 1992, manufactures, 41 per cent and agricultural products, mainly fruit, 12 per cent. In spite of its gradual decline from a peak of 70 per cent in the early 1970s, the share of copper in total exports was still 38 per cent in 1992. The copper price peaked in 1989 and has dropped since, to start edging upwards only in the second quarter of 1994. It remains volatile.

38. Had Chile's import and export prices remained the same as in 1989, the country would have earned, in the period 1990-1993, over $5 billion in extra revenue, equivalent to around 4½ per cent of the period's GDP. In the same period, the accumulated net transfer on a financial basis was around $3.5 billion. In terms of increased access to real resources, the shift to a positive transfer that has been taking place, with ups and downs, since 1990, has not been enough to cover the losses incurred through the price movements in its international trade.

39. Chile's net positive financial transfer in the 1990s is determined by very large private capital inflows, almost a flood in the years 1990 and 1992. Foreign direct investment, portfolio investments and short-term credits have been the main components. To allay pressure on the domestic money supply 26/ and forestall an appreciation of the exchange rate, the Chilean Government has adopted since 1992 measures to slow down the inflow of short-term capital. Copper prices have been rising since December 1993 and terms of trade can be expected to improve in 1994. Yet international interest rates are rising. The London Interbank Offered Rate in June 1994 was about one and a half percentage points over the 1993 average. 27/ This should affect Chilean interest payments on its external debt, which remains comparatively large, with about 80 per cent being at variable interest rates.

40. As shown in table 7, the capital importing developing countries suffered in 1993 a terms-of-trade loss of about $75 billion (with reference to 1989 prices). This puts in perspective the sizeable net transfer that took place in 1993 of $91 billion on a financial basis; a large part of this only covers losses incurred by developing countries through price movements in international trade. The increase in their access to real resources has, then, been far smaller. In a rough comparison, under the assumptions made here, it could be argued that one third of Latin America's $36 billion net transfer of 1993 was needed to cover losses incurred through price movements in its international trade. In Asia, more or less half of the net financial transfer of $48 billion covers such losses. Africa in fact suffered a decline in its access to real resources, to the extent to which the terms-of-trade loss was larger than the net transfer on a financial basis ($10 billion against $5 billion). And in sub-Saharan Africa, a terms-of-trade loss of $9 billion simply cancelled out $9 billion in net financial transfers (see tables 1 to 7 below).

41. Prospects for commodity prices have recently improved. Most of them have been rising since the third quarter of 1993. The combined United Nations Conference on Trade and Development (UNCTAD) index for commodity prices in terms of current dollars, in June 1994, had risen more than 10 per cent over the level

of mid-1993. The upward trend was registered in all commodity groups of the UNCTAD classification: food, tropical beverages, vegetable oilseeds and oils, and minerals, ores and metals. For this latter grouping, however, rises have begun more recently, and the average price level for January-June 1994 is not much higher than the average level for 1993. In fact, for several of the metals, such as manganese, iron, copper, zinc and tungsten, average prices in January-June 1994 were still below 1993 levels. Oil prices in August 1994 had risen above the 1993 level, driven by reaction to the conflict in Yemen, to the rapid economic recovery in the United States and, particularly, to the oil workers' strike in Nigeria, but it is uncertain whether higher prices could persist after normal conditions in Nigerian output return.

42. Given present trends towards the rekindling of growth in industrialized countries and continued strong demand for raw materials in some of the rapidly industrializing countries, the terms of trade of developing countries are expected to improve in 1994. 28/ Capital flows towards them are continuing, but no acceleration is forecast. All in all, the transfer of real resources to developing countries in 1994 is likely to improve, though its distribution will continue to be highly uneven.

V. POLICY DILEMMAS

43. The increase in the flow of capital to developing countries has been beneficial, but it raises a number of policy questions. Large inflows have led, in different degrees, to an increase in reserves, an appreciation of domestic currency, a much faster rise in imports than in exports and consequent dwindling of the trade surplus, and an increase in the current account deficit. Each of these trends can be regarded as a normal counterpart of the increased capital inflow, and not everywhere are its dimensions such that special preventive measures are required. There is, nevertheless, a question for Governments: in the event of the capital inflow being reversed or simply becoming smaller, how rapidly and in which manner would the economy be able to shift to a lower level of aggregate spending, to slow down imports, increase exports and reduce the current account deficit?

44. Are economies using the opportunity of increased foreign capital inflow in such a manner as to allow them to adjust smoothly if such an inflow later diminished substantially or became negative? This is a relevant question, because many countries have had the experience of access to abundant foreign capital during the 1970s, and the concomitant damage suffered when the access abruptly ceased after the 1982 debt crisis. After all, several countries are still dealing with the sequels to that crisis, and for many countries debt problems are far from over. Large inflows, when volatile, are not necessarily a bonus to the economy.

45. Initial conditions and policy dilemmas brought about by the capital inflow have varied. Much discussion is taking place on how to increase the gains and avoid excessive disequilibria resulting from the foreign capital inflow. 29/ Some countries have allowed their currencies to appreciate, either because, in their domestic policy setting, stabilization had priority over deterioration of the trade balance or because complementary measures were taken to reduce costs

in the export and import competing sectors. In others, measures are being implemented that compensate the export sector for the currency appreciation, and in a few cases the general trend towards trade liberalization suffered a momentary setback. In still others, the effort to avoid currency appreciation led to foreign exchange intervention, excessive increases in reserves and the parallel need to sterilize the monetary effects of rapid reserve accumulation. Quite a few central banks of developing countries had to incur losses on their sterilization measures, placing bonds in domestic markets for which they pay higher interest rates than those they obtain on their international reserves. A large number of countries need to find discretionary ways to channel external flows to fixed capital investments in order to raise the rate of investment. In some countries, different policy instruments are being used to slow down the inflow of the potentially more volatile components. In all, there is a search for adequate measures and for the best environment to guarantee that foreign direct investment increases export capacity and brings technical modernization.

46. Management of abundance is crucial to avoid some new "debt crisis" of a different nature in the 1990s. There is no assurance that real interest rates in international markets will remain at the levels of the early 1990s. But the biggest challenge is still how to increase finance for development in the countries unaffected by the recent surge in private capital flows, and that means most developing countries.

47. In the overwhelming majority of the poorer countries, despite all the talk about private capital having to take over the job of financing growth, ODA still has the main role to play. In a number of countries, all the best policies and legislation to provide incentives to foreign direct investment cannot attract private capital as long as the perception persists that their economies are not functioning properly and that their infrastructure does not offer the minimum base necessary for the activity of modern enterprises. Multilateral official finance is needed directly to raise investment and also has to play a catalytic role before a country is able to attract private investment on its own.

48. The improvement in terms of trade forecast for the majority of developing countries in 1994 should not lead to complacency. Gains are likely to be temporary. Many commodity prices, after a while, could start eroding again. Thus, the push to export diversification, duly supported by national strategies, remains a sine qua non for long-term development. This is particularly so in countries whose exports are heavily concentrated in primary commodities with low income elasticity. While national efforts are the key to a successful export strategy, bilateral and multilateral support, including long-term capital, should make a major difference in reducing the period required to achieve the expected results.

Table 1. Net transfer of financial resources of capital-importing developing countries, 1983-1993 a/

(Billions of United States dollars)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 b/
Transfer through direct investment											
Net investment flow	6.2	6.2	7.5	6.0	9.5	14.5	16.8	16.8	22.5	30.6	37.9
Net dividends and other income	-9.3	-8.6	-8.0	-7.1	-8.1	-8.4	-10.0	-10.7	-10.1	-11.1	-10.9
Net transfer	-3.2	-2.4	-0.5	-1.1	1.3	6.1	6.7	6.1	12.4	19.5	27.1
Transfer through medium- and long-term foreign private borrowing											
Net credit flow	27.7	17.3	12.0	7.4	2.5	9.3	-0.3	-0.8	13.2	23.4	25.9
Interest paid	-35.5	-40.4	-39.2	-34.7	-33.8	-39.6	-32.6	-29.1	-28.3	-27.3	-28.7
Net transfer	-7.8	-23.0	-27.2	-27.3	-31.4	-30.3	-32.9	-29.9	-15.1	-3.8	-2.8
Transfer through net stock transactions, short-term borrowing and domestic outflows c/											
Net transfer	-22.9	-14.1	-10.3	-3.1	-6.9	-14.4	-4.5	2.3	25.6	27.0	42.9
Transfer through private grants (net)	2.1	2.6	3.0	3.8	4.1	4.8	3.5	4.6	5.9	8.2	8.6
Transfer through official flows											
Official transfers (grants)	10.2	10.9	11.6	11.2	12.5	13.4	14.3	29.4	20.1	17.2	17.2
Net official credits	30.0	25.1	19.0	19.1	16.4	15.2	19.8	22.4	18.6	15.8	21.3
Interest paid	-9.6	-11.1	-12.8	-15.6	-16.7	-18.2	-18.5	-20.3	-21.7	-21.4	-23.6
Net transfer	30.6	24.8	17.9	14.6	12.2	10.5	15.6	31.5	17.0	11.6	14.8
Total net transfer (financial basis)	-1.2	-12.1	-17.2	-13.1	-20.6	-23.3	-11.6	14.6	45.9	62.4	90.6
Use of official reserves d/	-5.7	-16.8	-0.1	8.9	-13.1	-8.2	-18.4	-36.6	-46.3	-43.5	-46.4
Total net transfer (expenditure basis)	-6.9	-28.9	-17.3	-4.2	-33.7	-31.6	-29.9	-22.0	-0.5	18.9	44.2

(Source and footnotes on following page)

Source: Department for Economic and Social Information and Policy Analysis of the United Nations, based on data of IMF and World Bank and United Nations Secretariat estimates.

Note: Direct investment is net of reinvested earnings (cash flow approach); official credits include use of IMF credit; interest includes IMF charges; private grants include net flow of gifts from overseas residents (excluding workers' remittances) and grants by non-governmental organizations.

a/ Sample of 93 countries, excluding the surplus-energy exporters (Brunei Darussalam, Iran (Islamic Republic of), Iraq, Kuwait, Libyan Arab Jamahiriya, Qatar, Saudi Arabia and the United Arab Emirates) and recent surplus countries (Hong Kong, Singapore and Taiwan province of China).

b/ Preliminary estimate.

c/ Calculated as a residual (including short-term trade financing, normal and unusual outflows ("capital flight"), arrears of interest due, stock transactions and other flows captured in balance-of-payments data as errors and omissions and presumed to be financial flows).

d/ Additions to reserves are shown as negative numbers.

Table 2. Net transfer of financial resources in Latin America a/
(Billions of United States dollars)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 b/
Transfer through direct investment											
Net investment flow	1.9	1.9	2.6	1.2	3.7	5.5	4.3	5.2	9.1	12.1	15.0
Net dividends and other income	-2.3	-2.4	-2.5	-2.9	-2.9	-3.5	-4.9	-4.7	-4.0	-4.6	-4.4
Net transfer	-0.4	-0.5	0.1	-1.8	0.8	2.0	-0.6	0.5	5.1	7.5	10.6
Transfer through private credit											
Medium and long-term foreign borrowing											
Net credit flow	11.7	7.1	2.2	-1.0	1.4	-0.4	-7.4	1.3	3.7	4.7	8.0
Interest paid	-23.4	-26.2	-25.6	-21.3	-20.4	-24.0	-15.8	-12.6	-11.3	-11.0	-11.9
Net transfer	-11.6	-19.1	-23.3	-22.2	-19.0	-24.5	-23.2	-11.3	-7.6	-6.4	-4.0
Short-term borrowing and net domestic outflow c/											
Net transfer	-18.9	-11.5	-12.2	-1.8	0.7	-8.0	-4.4	-6.3	13.5	34.4	29.2
Transfer through private grants	0.5	0.7	1.0	0.9	1.1	1.5	1.4	2.2	3.0	4.3	4.0
Transfer through official flows											
Official transfers (grants)	0.9	1.2	2.1	1.4	2.0	2.1	2.2	3.3	2.9	2.7	2.4
Net official credits	7.5	9.5	6.2	6.6	4.0	4.1	4.2	7.1	0.5	-1.2	2.3
Interest paid	-2.8	-3.3	-4.0	-5.1	-5.6	-5.9	-6.2	-7.0	-8.0	-8.2	-8.5
Net transfer	5.7	7.3	4.2	2.9	0.3	0.3	0.2	3.4	-4.5	-6.6	-3.8
Total transfer (financial basis)	-24.8	-22.9	-30.2	-22.0	-16.0	-28.7	-26.5	-11.4	9.5	33.2	36.0
Use of official reserves d/	-0.7	-12.2	-0.6	7.9	-3.5	6.5	-3.1	-15.4	-17.8	-22.0	-16.6
Total transfer (expenditure basis)	-25.5	-35.2	-30.8	-14.1	-19.5	-22.2	-29.6	-26.9	-8.4	11.2	19.4

Source: Department for Economic and Social Information and Policy Analysis of the United Nations, based on data of IMF and World Bank and United Nations Secretariat estimates.

a/ Sample of 25 countries and territories.

(For remaining notes, see table 1.)

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Table 3. Net transfer of financial resources in Africa a/
(Billions of United States dollars)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 b/
Transfer through direct investment											
Net investment flow	1.4	1.2	2.0	1.4	2.0	1.9	3.7	1.6	1.3	2.0	2.3
Net dividends and other income	-1.6	-1.4	-1.4	-1.3	-2.1	-1.7	-1.1	-1.2	-1.3	-1.2	-1.1
Net transfer	-0.2	-0.2	0.6	0.1	-0.2	0.2	2.6	0.5	-0.0	0.9	1.2
Transfer through private credit											
Medium and long-term foreign borrowing											
Net credit flow	3.6	1.2	0.4	1.9	2.3	3.5	1.2	-1.0	-1.7	-2.1	-0.2
Interest paid	-4.0	-4.3	-4.2	-3.3	-3.0	-3.7	-4.1	-3.9	-3.9	-3.8	-2.9
Net transfer	-0.4	-3.0	-3.7	-1.4	-0.7	-0.2	-2.9	-4.9	-5.6	-5.9	-3.1
Short-term borrowing and net domestic outflow c/											
Net transfer	-1.7	-3.0	-3.0	-0.9	-6.2	-4.0	-6.2	-15.7	-3.3	-3.2	-4.6
Transfer through private grants	0.3	0.5	0.9	1.1	1.0	0.9	1.0	0.9	1.0	1.1	1.1
Transfer through official flows											
Official transfers (grants)	3.9	4.2	4.8	5.1	5.9	6.4	7.7	20.8	10.5	9.5	10.0
Net official credits	8.5	7.1	5.1	5.4	5.8	5.6	6.5	5.9	6.3	5.8	5.4
Interest paid	-2.2	-2.6	-2.9	-3.6	-3.3	-4.3	-4.4	-4.7	-4.9	-4.1	-3.8
Net transfer	10.2	8.6	7.0	6.9	8.5	7.7	9.8	22.0	11.9	11.2	11.5
Total transfer (financial basis)	8.3	3.3	2.0	5.6	2.3	4.6	4.2	2.9	4.2	4.0	5.1
Use of official reserves d/	0.3	-0.3	-2.3	0.9	-1.6	-0.2	-0.8	-6.8	-6.0	-5.6	-3.0
Total transfer (expenditure basis)	8.7	3.0	-0.3	6.5	0.8	4.4	3.4	-3.9	-1.9	-1.6	2.1

Source: Department for Economic and Social Information and Policy Analysis of the United Nations, based on data of IMF and World Bank and United Nations Secretariat estimates.

a/ Sample of 44 countries.

(For remaining notes, see table 1.)

/...

Table 4. Net transfer of financial resources of sub-Saharan Africa a/
(Billions of United States dollars)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 b/
Transfer through direct investment											
Net investment flow	0.4	0.1	0.2	-0.0	0.3	0.2	0.4	0.1	-0.0	-0.0	0.0
Net dividends and other income	-0.7	-0.7	-0.7	-0.7	-0.9	-0.7	-0.9	-0.9	-0.7	-0.8	-0.7
Net transfer	-0.3	-0.6	-0.5	-0.7	-0.6	-0.5	-0.6	-0.8	-0.7	-0.8	-0.7
Transfer through private credit											
Medium-and long-term foreign borrowing											
Net credit flow	1.0	0.4	-0.2	0.3	-0.1	0.6	0.4	0.1	-0.1	-0.0	1.4
Interest paid	-1.6	-1.2	-1.1	-1.1	-0.8	-0.8	-0.7	-0.7	-0.8	-0.5	-0.3
Net transfer	-0.5	-0.8	-1.3	-0.8	-0.9	-0.2	-0.3	-0.6	-0.8	-0.5	1.1
Short-term borrowing and net domestic outflow c/											
Net transfer	-0.6	-2.1	0.1	1.1	0.2	0.2	-2.3	-0.6	0.2	-0.5	-1.7
Transfer through private grants	0.2	0.5	0.7	0.6	0.8	0.8	0.7	0.9	0.9	1.1	1.1
Transfer through official flows											
Official transfers (grants)	2.9	3.0	3.5	3.9	4.7	5.3	6.2	6.4	6.5	6.9	6.9
Net official credits	5.0	3.8	2.8	3.4	4.3	4.1	4.2	4.5	3.9	4.0	3.7
Interest paid	-1.0	-1.2	-1.3	-1.7	-1.6	-1.7	-1.6	-1.7	-1.8	-1.5	-1.4
Net transfer	7.0	5.6	5.0	5.7	7.4	7.7	8.8	9.2	8.7	9.3	9.2
Total transfer (financial basis)	5.8	2.6	3.9	5.8	6.9	8.0	6.3	8.1	8.2	8.5	9.0
Use of official reserves d/	-0.4	-0.3	-0.8	-0.6	-0.8	-0.8	-0.2	-0.4	-0.2	0.7	-0.5
Total transfer (expenditure basis)	5.4	2.3	3.1	5.2	6.1	7.2	6.1	7.7	8.0	9.2	8.5

Source: Department for Economic and Social Information and Policy Analysis of the United Nations, based on data of IMF and World Bank and United Nations Secretariat estimates.

a/ Sample of 39 countries, excluding Nigeria and South Africa.

(For remaining notes, see table 1.)

Table 5. Net transfer of financial resources in Asia a/
(Billions of United States dollars)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 b/
Transfer through direct investment											
Net investment flow	2.8	3.0	2.8	3.2	3.7	6.8	8.1	9.3	11.5	15.6	19.4
Net dividends and other income	-5.4	-4.8	-4.3	-3.1	-3.4	-3.7	-4.6	-5.5	-5.4	-6.0	-6.1
Net transfer	-2.6	-1.8	-1.4	0.1	0.3	3.1	3.5	3.8	6.0	9.6	13.3
Transfer through private credit											
Medium-and long-term foreign borrowing											
Net credit flow	12.4	9.3	10.2	6.3	-2.5	2.3	4.5	8.5	11.8	19.0	21.3
Interest paid	-7.0	-7.9	-8.3	-8.6	-9.2	-10.4	-11.4	-10.8	-11.2	-10.2	-11.4
Net transfer	5.4	1.3	1.9	-2.3	-11.7	-8.0	-7.0	-2.2	0.6	8.8	9.9
Short-term borrowing and net domestic outflow c/											
Net transfer	-3.5	-0.2	4.8	-0.4	0.7	3.6	5.3	7.4	18.4	13.8	12.1
Transfer through private grants	1.0	1.0	0.9	1.5	1.7	2.0	0.6	0.8	1.7	2.5	2.2
Transfer through official flows											
Official transfers (grants)	5.2	5.3	4.6	4.6	4.3	4.6	4.3	4.1	4.5	4.2	4.4
Net official credits	14.1	8.0	8.1	7.4	7.7	7.3	11.7	10.4	13.4	13.8	16.3
Interest paid	-3.8	-4.3	-4.8	-5.9	-6.7	-7.0	-6.9	-7.6	-8.1	-8.7	-10.0
Net transfer	15.6	9.0	7.8	6.0	5.3	5.0	9.1	6.9	9.7	9.4	10.7
Total transfer (financial basis)	15.9	9.3	13.8	4.8	-3.6	5.8	11.5	16.7	36.6	44.0	48.2
Use of official reserves d/	-5.2	-4.1	2.5	0.8	-8.3	-12.3	-9.5	-12.1	-27.5	-35.9	-37.6
Total transfer (expenditure basis)	10.7	5.2	16.3	5.6	-11.9	-6.6	2.0	4.5	9.1	8.1	10.7

Source: Department for Economic and Social Information and Policy Analysis of the United Nations, based on data of IMF and World Bank and United Nations Secretariat estimates.

a/ Sample of 21 countries, including China and India. Hong Kong, Singapore and Taiwan province of China are not included. Also excluded are surplus-energy exporters, namely Brunei Darussalam, Iran (Islamic Republic of), Iraq, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates.

(For remaining notes, see table 1.)

Table 6. Net transfer of financial resources in 15 heavily indebted countries a/
(Billions of United States dollars)

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 b/
Transfer through direct investment											
Net investment flow	2.2	2.0	3.1	1.4	4.2	6.4	6.4	5.9	10.0	12.8	16.1
Net dividends and other income	-2.7	-2.5	-2.8	-3.1	-3.5	-3.9	-5.0	-4.7	-4.0	-4.7	-4.4
Net transfer	-0.5	-0.5	0.3	-1.6	0.7	2.5	1.5	1.2	6.0	8.1	11.7
Transfer through private credit											
Medium- and long-term foreign borrowing											
Net credit flow	13.9	6.9	1.8	-2.0	1.1	-0.5	-7.5	0.5	2.5	4.4	5.6
Interest paid	-26.1	-30.0	-28.3	-23.6	-22.6	-27.1	-19.0	-15.4	-13.9	-13.3	-14.6
Net transfer	-12.2	-23.1	-26.5	-25.6	-21.5	-27.6	-26.5	-15.0	-11.4	-8.9	-9.0
Short-term borrowing and net domestic outflow c/											
Net transfer	-18.9	-10.9	-15.5	-2.5	-3.8	-9.1	-6.6	-1.6	14.4	28.7	27.9
Transfer through private grants	0.7	0.9	1.1	1.0	1.3	1.4	1.6	2.6	3.1	4.1	4.0
Transfer through official flows											
Official transfers (grants)	0.7	0.8	1.3	0.9	1.2	1.4	1.7	2.9	2.6	2.8	2.6
Net official credits	8.7	9.7	5.2	6.3	4.4	3.7	4.5	7.3	0.7	1.0	2.6
Interest paid	-3.4	-4.2	-5.0	-6.3	-7.0	-7.8	-8.3	-9.4	-10.5	-9.5	-10.5
Net transfer	6.1	6.2	1.5	0.9	-1.4	-2.7	-2.1	0.8	-7.2	-5.8	-5.3
Total transfer (financial basis)	-24.7	-27.4	-39.1	-27.8	-24.7	-35.5	-32.1	-12.0	4.8	26.3	29.3
Use of official reserves d/	1.0	-13.2	-1.5	5.8	-3.7	4.6	-5.7	-19.7	-16.8	-22.5	-16.1
Total transfer (expenditure basis)	-23.8	-40.6	-40.6	-22.0	-28.4	-30.9	-37.8	-31.8	-12.0	3.8	13.2

Source: Department for Economic and Social Information and Policy Analysis of the United Nations, based on data of IMF and World Bank and United Nations Secretariat estimates.

a/ Argentina, Bolivia, Brazil, Chile, Colombia, Côte d'Ivoire, Ecuador, Mexico, Morocco, Nigeria, Peru, the Philippines, Uruguay, Venezuela and the former Yugoslavia.

(For remaining notes, see table 1.)

Table 7. Developing countries: terms of trade loss or gain in relation to 1989
(Billions of United States dollars)

	Terms of trade loss/gain a/				Value of exports		1993 loss as % of	Average GDP	Average loss	Average 1990-93 loss as % of average
	1990	1991	1992	1993 b/	1993 b/	GDP 1993	1993 GDP	1990-93	1990-93	1990-93 GDP
Developing countries c/	0.6	-33.9	-50.2	-74.9	1 009	3 858	1.9	3 580	-39.6	1.1
Latin America and the Caribbean	0.9	-6.2	-8.7	-11.9	135	946	1.3	908	-6.5	0.7
Africa d/	2.1	-4.3	-6.9	-10.0	75	348	2.9	339	-4.8	1.4
Sub-Saharan Africa e/	0.1	-4.0	-5.7	-6.8	34	119	5.7	117	-4.1	3.5
South and East Asia	-12.1	-17.0	-23.7	-29.4	553	1 281	2.3	1 187	-20.6	1.6
China	-0.5	-1.5	-3.0	-5.3	92	658	0.8	425	-2.6	0.6
West Asia	15.1	-1.5	-4.0	-15.0	127	494	3.0	469	-1.4	0.3
Mediterranean	-4.8	-3.4	-4.0	-3.3	27	131	3.0	135	-3.9	2.9

Source: Department for Economic and Social Information and Policy Analysis of the United Nations, based on data of IMF and World Bank and United Nations Secretariat estimates.

Note: Gains or losses in the given year are calculated as $X(1-p^x) + M(p^m - 1)$ where X and M are export and import values of the given year and p^x and p^m are, respectively, the index of export unit prices and the index of import unit prices with 1989 = 1.00.

a/ The total loss/gain for developing countries is not the sum of the regional numbers because price indices differ.

b/ Preliminary.

c/ Country classification is in accordance with World Economic and Social Survey, 1994 (United Nations publication E.94.II.C.1), p. XII.

d/ Excludes South Africa.

e/ Excludes Nigeria and South Africa.

Notes

1/ Sample of 93 countries, excluding the surplus-energy exporters (Brunei Darussalam, Iran (Islamic Republic of), Iraq, Kuwait, Libyan Arab Jamahiriya, Qatar, Saudi Arabia and United Arab Emirates) and the recent surplus countries (Hong Kong, Singapore and Taiwan, province of China).

2/ See the annex to the present report for a definition of the net transfer on a financial basis.

3/ See A/45/487, para. 6.

4/ The net transfer is a balance-of-payments based concept and it should not be confused with a related measure, the "total net resource flows" published by the Organisation for Economic Cooperation and Development (OECD). The OECD definition includes some items that do not appear in the balance of payments of recipient countries, the largest being technical assistance and scholarships. Because it pertains only to flows originating abroad and their servicing, the OECD definition does not include changes in the transfer owing to capital outflows from developing countries. Moreover, OECD figures cover several countries not included in the United Nations aggregate of capital-importing developing countries. Differences between the two measurements were discussed in the World Economic Survey, 1990 (United Nations publication, Sales No. E.90.II.C.1), pp. 79-81. The total net resource flow to developing countries in 1993, according to OECD, was $160 billion, of which ODA was $56 billion. ODA in 1993 declined 7.8 per cent in real terms compared to 1992 and was 0.29 per cent of the OECD Development Assistance Committee (DAC) member countries' total gross national product (GNP), the lowest ratio reported since 1973, according to OECD Press Release SG/PRESS(94)46 of 20 June 1994.

5/ About 2 per cent of GDP of capital-importing developing countries in 1991-1993 and 1.3 per cent in 1980-1982.

6/ See World Economic and Social Survey, 1994 (United Nations publication, Sales No. E.94.II.C.1), annex, table A.28.

7/ The relative importance of each of the components of the financial flow in explaining the shift and the differential impact of each component in the various groups of developing countries was analysed in the 1992 report of the Secretary-General on the Net transfer of resources between developing and developed countries (A/47/404), in particular paras. 17 to 27. Further analysis of the regional differences in the absorption of the international transfer of resources is contained in the World Economic and Social Survey, 1994 (United Nations publication, Sales No. E.94.II.C.1), pp. 96-102.

8/ An important amount of foreign direct investment in Latin America entered through debt-conversion schemes, but the importance of this component has declined in recent years. In Chile, for instance, conversion of debt into capital represented 44 per cent of foreign direct investment in the period 1985-1991, but since 1991 debt conversion has no longer taken place (see Manuel R. Agosin et al., "Los capitales extranjeros en las economías

latinoamericanas: el case de Chile", in Jose Antonio Ocampo, ed., Los capitales extranjeros en las economías latinoamericanas, FEDESARROLLO/Banco Interamericano de Desarrollo, Bogota, Colombia, April 1994, p. 113).

9/ As quoted in the report of the Secretary-General on the net transfer of resources from developing countries (A/45/487), para. 5.

10/ United Nations, World Economic and Social Survey, 1994, (United Nations publication, Sales No. E.94.II.C.1), p. 103. Debt difficulties remain, however, in particular in poorer countries, as analysed in the report of the Secretary-General on the external debt crisis and development also being presented to the General Assembly at its forty-ninth session.

11/ For a discussion of "attraction" and "expulsion" factors in Latin America, see Jose Antonio Ocampo and Roberto Steiner, "Los capitales extranjeros en las economías latinoamericanas", in Jose Antonio Ocampo, ed., Los capitales extranjeros en las economías latinoamericanas, FEDESARROLLO/Banco Interamericano de Desarrollo, Bogota, Colombia, April 1994; and Guillermo A. Calvo et al., "Capital inflows and real exchange rate appreciation in Latin America: the role of external factors", IMF Staff Papers, 40, No. 1, March 1993.

12/ See, for instance, Susan Schadler et al., "Recent experiences with surges in capital inflows", IMF Occasional Paper No. 108, Washington, D.C., 1993; and World Economic and Social Survey, 1994 (United Nations publication, Sales No. E.94.II.C.1) analyses in chapter II of how South-East Asia and China were comparatively less affected than other regions by the recession in developed countries (see pp. 53-58).

13/ Data of IMF, International Financial Statistics and IMF Survey. See World Economic and Social Survey, 1994 (United Nations publication, Sales No. E.94.II.C.1), annex, table A.29.

14/ By roughly $2.3 billion and $1.5 billion respectively in fiscal years 1992 and 1993. The aggregate of the period 1989-1993 is positive. See World Bank Annual Report, various years, in particular, World Bank Annual Report, 1992, various tables in Section Six, pp. 111-156, and World Bank Annual Report, 1993, pp. 105-144. Data of the World Bank on Europe and Central Asia, pp. 141 and 125 respectively, are not included in the total estimate presented here.

15/ See AfDB, ADB and IDB annual reports, various issues. See also Delphin G. Rwegasira and Henock Kifle (African Development Bank), "Regional development banks and the objectives of the Bretton Woods institutions", paper presented to the conference on "The international monetary and financial system: developing country perspective" sponsored by the Group of Twenty-Four on the occasion of the fiftieth anniversary of the Bretton Woods Conference, Cartagena, Colombia, 18-20 April 1994.

16/ This is true, of course, only from an accounting point of view. When the increase in foreign currency reserves is part of a set of measures to stabilize the economy and when it gives rise to confidence and an improved risk assessment, it can indirectly expand the country's access to real resources by providing an incentive to the continued inflow of foreign capital.

17/ A comprehensive analysis of the interactions between terms-of-trade variations, financial transfers and real resource availability appears in the previous reports of the Secretary-General on the net transfer of resources. See A/42/272-E/1987/72, annex I, item C; E/1988/64, paras. 4-21; A/45/487, paras. 15-20 and annex; and A/47/404, paras. 35-40.

18/ See World Economic and Social Survey, 1994 (United Nations publication, Sales No. E.94.II.C.1), annex, tables A.20 and A.21.

19/ For a detailed analysis, see Global economic prospects and the developing countries (World Bank publication, Washington, D.C., 1994), p. 56.

20/ Similarly, a study by the World Bank estimated that "annual loss to developing countries from the fall in commodity prices between 1980 and 1993 reached $100 billion a year in 1993 - or more than twice the total flow of aid in 1990", ibid., p. 32.

21/ IDB calculated that the price index of Latin America's major commodities relative to that of manufactures was, in 1991, at the lowest level for the whole century, and that this level was half of what it was in 1910 (Inter-American Development Bank, Economic and Social Progress in Latin America: 1992 Report, Washington, D.C., October 1992, box on p. 4). The World Bank identified in the period 1900-1993 a similar trend in a general (not just Latin American) real commodity price index (Global economic prospects and the developing countries (World Bank publication, Washington, D.C., 1994) p. 14). Such a price index points to losses being incurred by commodity exporters, but it is not the same as the terms-of-trade index of developing countries.

22/ Over a prolonged period, and certainly one longer than a dozen years, the basket of goods, upon which price comparisons are based, changes. Over this period, too, major reallocations of resources can take place in the light of price changes and, except in the case of specific commodities, such as oil and copper, production patterns can be altered considerably. Finally, while in the short run a decrease in prices does imply a loss, over a longer period a decrease in price does not necessarily mean that the relevant export activity is not profitable or even increasing in profitability, as major productivity gains can drive down the costs of production in a major way.

23/ See Report of the Secretary-General on the international debt strategy as of mid-1993 (A/48/345).

24/ Côte d'Ivoire would have been eligible for these terms before the CFA franc devaluation. See World Economic and Social Survey, 1994, box II.3 and pp. 105-106.

25/ See Boletín Mensual del Banco Central de Chile, May 1994, p. 1303. The terms-of-trade deterioration in the 1990s is a continuation of a trend, as Chile had already declining terms of trade during the 1980s.

26/ An inflow of $1 billion, if fully monetized, leads to a jump of 40 per cent in the Chilean money supply.

27/ London Interbank Offered Rates on United States six-month dollar deposits.

28/ The World Bank's optimism goes beyond 1994, to assume a stabilization of real commodity prices between 1994 and 2003, but it warns about much uncertainty in such a forecast. Global Economic Prospects and the Developing Countries, 1994 (World Bank publication, Washington, D.C., April 1994).

29/ Besides those already quoted here, further examples are: Susan Schadler et al., "Recent experiences with surges in capital inflows", IMF Occasional Paper No. 108, Washington, D.C., 1993; Jeffrey A. Frankel, Sterilization of money inflows: difficult (Calvo) or easy (Reisen)?, Center for International and Development Economics Research, University of California, Berkeley, October 1993; Edmar L. Bacha, "Selected international policy issues on private market financing for developing countries", in UNCTAD, International monetary and financial issues for the 1990s, vol. III, United Nations, New York, 1993; Roy Culpeper, Resurgence of private flows to Latin America: the role of American investors, Robert Devlin, Ricardo French-Davis and Stephany Griffith-Jones, Surges in capital flows and development: an overview of policy issues, and Stephany Griffith-Jones, European private flows to Latin America: the facts and the issues, papers prepared for the project of the United Nations Economic Commission for Latin America and the Caribbean on "New Capital Flows to Latin America and Macroeconomic Sustainability" and presented at a panel discussion convened by the Department for Economic and Social Information and Policy Analysis on 11 May 1994.

ANNEX

The concept of net transfer

"Net transfer" is a concept commonly used in United Nations studies of international finance and is a measure of international resource flow that takes account of capital flows and the investment income on such flows. It can be measured for any country by adding together all such financial flows in and out of the country, including changes in holdings of official reserve assets. It can also be measured as the financial counterpart to the balance of payments on goods, net foreign labour earnings (e.g., workers' remittances) and non-factor services (e.g., transportation, tourism and business services). If the balance of payments on this basis is negative (a deficit), the net transfer of resources is positive and may be thought of as the financing necessary to cover the deficit. If the payments balance is positive (a surplus), the transfer is a net outflow and is conventionally shown as a negative number. a/

This definition has been denominated in United Nations literature as the "transfer on an expenditure basis" because, in the end, this is the transfer that is spent on goods and services from abroad. This definition, however, treats changes in official foreign reserves the same as changes in any other financial asset, while reserves are special, especially from the perspective of macroeconomic management. Thus, another measure is defined which sums up the net transfer on all types of financial flows except changes in reserves. To distinguish it from the "transfer on an expenditure basis", it is called the "transfer on a financial basis". It is, of course, only the former one that, if positive, can be seen as the financing of the current payments deficit.

In terms of the newly revised system of national accounts, b/ the net transfer on an expenditure basis can be derived by making certain adjustments to the "current external balance", i.e., the net transfer would be the negative of the current balance (item B.12), excluding certain items. These are "property income" (item D.4) and the components of "other current transfers" (item D.7), which correspond in the balance-of-payments accounts to "other current transfers of general government" (balance-of-payments item 1.C.1.6) and "other current transfers of other sectors" (balance-of-payments item 1.C.2.2.6), all adjustments expressed as "net, receivable from abroad".

Notes

a/ For additional definitional details and a derivation of the measure from standard national accounting and balance-of-payments concepts, see World Economic Survey, 1986 (United Nations publication, Sales No. E.86.II.C.1), annex III.

b/ See System of National Accounts, 1993 (United Nations publication, Sales No. E.94.XVII.4), pp. 315 and 545.

UNITED
NATIONS

A

General Assembly

Distr.
GENERAL

A/49/309/Corr.1
13 October 1994

ENGLISH, RUSSIAN
AND SPANISH ONLY

Forty-ninth session
Item 90 (d) of the provisional agenda*

MACROECONOMIC POLICY QUESTIONS: NET TRANSFER OF RESOURCES BETWEEN DEVELOPING AND DEVELOPED COUNTRIES

Report of the Secretary-General

Corrigendum

Page 9, paragraph 40, last sentence

The last sentence should read

And in sub-Saharan Africa, a terms-of-trade loss of almost $7 billion nearly cancelled out $9 billion in net financial transfers (see tables 1 to 7 below).

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* A/49/150.

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